HIGH PERFORMANCE WORK SYSTEMS IN THE CONTEXT OF THE BANKING SECTOR IN BANGLADESH

Submitted by

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Abstract

This multi-method case study examines high performance work systems (HPWS) in two Bangladeshi banks. An extensive review of the literature has revealed no research on HPWS in Bangladesh. The growing interest in the HPWS area is a reflection of the core purpose of most business organisations - creating greater value through better performance. Embracing context appropriate HPWS can offer considerable strategic advantage to Bangladeshi banks.

This study explores the impact of socio-economic, cultural and political factors on the use, implementation and effectiveness of HPWS in two Bangladeshi banks. Three research questions were addressed in this study:

1. In what ways do internal, socio-economic, cultural and political factors shape high performance work systems in the banking industry in Bangladesh?
2. How is HRM understood, interpreted and practiced across the management hierarchy in the banking industry in Bangladesh?
3. Do employee perceptions of high performance work systems impact their affective commitment, trust and psychological empowerment and subsequent ratings of employee performance?

The unit of analysis of the study is at the organization level. Two Bangladeshi banks were chosen based on their different levels of financial performance. The data was collected in two phases. The first phase used semi-structured interviews and focus group discussions with 53 executives across the managerial hierarchy. In the second phase the researcher surveyed 436 employees of the participating banks using a structured questionnaire. A
hypothesised mediation model was tested using structural equation modelling, which indicated that psychological empowerment, employee trust and affective commitment mediate the relationship between perceived HPWS and employee performance.

The final results show that psychological empowerment and employee trust mediate the relationship between perceived HPWS and employee performance. Affective commitment did not mediate the relationship between perceived HPWS and employee performance. Moreover, perceived HPWS positively predicts employee trust, psychological empowerment and affective commitment in both banks.

This thesis contributes to the existing HPWS literature by introducing a context appropriate HPWS composition for a complex and seldom explored non-western context such as Bangladesh. The high performing bank evidently confirmed most of the western theoretical predictions. A multi-group moderation test on the final model shows statistically non-significant differences between most of the direct and indirect effects across two case study banks. Therefore, the statistical results from the case study banks predominantly corroborate each other as predicted.
Statement of Authorship

Except where reference is made in the text of the thesis, this thesis contains no material published elsewhere or extracted in whole or in part from a thesis submitted for the award of any other degree or diploma.

No other person’s work has been used without due acknowledgement in the main text of the thesis.

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Chapter One

Introduction

1.0 Background and Motivation

High Performance Work Systems (HPWS) are predominantly considered to be a western management innovation (Boxall & Macky, 2007), and consequently much of the extant literature is set within this context. Put simply, the HPWS literature contends that strategy driven HR practices can lead to high levels of individual (Boxall, Ang & Bartram, 2011) and organisational performance (Boxall & Macky, 2009; Guest, 1987). The concept originated from the United States of America, and advocates of the convergence perspective argue that American style HPWS could serve as a reference point in the design of HR strategies outside the US as they have acquired the ‘taken for granted’ reputation of an institutionalized belief (Lawler, Chen, Wu, Bae, & Bai, 2010). From a contrasting perspective Guest (1997) emphasised the importance of expanding the empirical studies related to human resource management beyond United States. A number of subsequent researchers have chosen other western contexts to gather evidences to solidify the high performance paradigm (HPP). As a result, most HPWS studies focus on either western countries or the most significant of the eastern economies (i.e., China or Japan). Studies investigating HPWS in emerging economies amount to little more than a handful of exceptions (Gautam & Davis, 2007). However, recent studies (e.g., Boxall & Macky, 2009) have highlighted the importance of understanding the contextual factors that influence the selection of appropriate HPWS configurations by organisations. As a result more empirical
studies conducted in different contexts are required in order to facilitate reliable comparison and generalisation as to the effectiveness of HPWS.

Due to considerable contextual differences especially among the less developed Asian countries (Chowdhury & Mahmood, 2012), the few available studies set within the Asian context are inadequate for use as a basis for substantive contextual generalisation. Chowdhury and Mahmood (2012) highlighted the dearth of HRM research covering Next-Eleven (N-11) countries, which include Bangladesh, Indonesia, Iran, Pakistan, the Philippines, South Korea and Vietnam among others. The N-11 countries are considered to be the Asian countries with promising development potential (O’Neill, Wilson, Purushothaman, & Stupnytska, 2005). Hence, it can be argued that a considerable research gap exists in the area of HPWS and its application in emerging economies in order to facilitate comparative studies. This study will help minimise that gap by examining the application of HPWS in the context of the Bangladeshi banking sector. The findings from the study will potentially facilitate future comparison of perceived HPWS, and its link to employee performance within the N-11 countries in Asian region. The findings may also be useful as a reference point for a more extended comparison between HPWS in developed western countries and eastern emerging economies.

This study specifically explores the role socio-economic, cultural and political context plays in shaping the use of HPWS, and how HRM is understood, interpreted and practiced across the management hierarchy in two case study banks in Bangladesh. The study also investigates the links between employees’ perceptions of HPWS and psychological empowerment, employee trust and affective commitment, as well as subsequent employee performance ratings.
This chapter details the motivation and background of the thesis, highlights the academic and practical contribution of the study, and outlines the research design, questions and hypotheses. The chapter concludes with a preview of the remaining chapters of the thesis.

1.1 Contribution

The potential contribution of this study is threefold. Firstly, this study is one of the very few HPWS studies set within a non-western context. Secondly, this study customizes the HPWS measures in order to facilitate future cross-cultural comparative studies in HPWS. Thirdly, the HR practitioners in Bangladeshi banking sector (and other similar contexts) will be able to focus on a customised bundle of HR practices that may substantially help improve the performance outcomes within the industry. The following sections will elaborate the above three points.

1.1.1 Literature Gaps in HPWS Studies

Most of the existing literature and research findings support a positive link between HPWS and performance outcomes (U.S. Department of Labor, 1993; Huselid, 1995; Harley, 2007; Liao, Toya, Lepak, & Hong, 2009; Nishii, Lepak, & Schneider, 2008; Bartram, Stanton, Leggat, Casimir, & Fraser, 2007; Bartram & Casimir, 2007; Boxall & Macky, 2009), yet some researchers have argued that while these practices tend to lead to improved benefits for organisations, they are not cost-effective for practical implementation or that their impact on performance is at best uncertain (Appelbaum, Bailey, Berg, & Kalleberg, 2001; Godard, 2004). Other academic commentators have criticized HPWS as fragile, and have suggested that the adaptation of HPWS may contribute to the very tensions that this bundle of practices is supposed to ameliorate or that these practices may be scaled back or
discontinued in the long run (Clarke, 1997; Drago, 1988; Eaton, 1994). It has also been argued that with higher level of adoption, the gains of HPWS decline even to the level of negative associations (Godard, 2004). A few studies have even found a negligible or non-conclusive correlation between HPWS and performance (Kuvaas, 2008) with these conflicting views raising the question of whether HPWS predict improved performance across all contexts. Ultimately this can only be answered by studying HPWS in contrasting contexts in order to provide an adequate basis for comparison.

As discussed earlier, most HPWS literature is originated in western contexts such as the USA, Australia, Canada, Germany or the UK (Boxall & Macky, 2009; Godard, 2004). That said, a small number of studies linking HPWS to improved performance outcomes have been conducted in eastern contexts (Frenkel & Lee, 2010; Lawler, Chen, Wu, Bae, & Bai, 2008; Zhang & Li, 2009). However most of these studies employed western HPWS measures, or focused exclusively on foreign subsidiaries that were heavily influenced by their western counterparts. One of the few exceptions to this is Frenkel and Lee’s (2010) study investigating HPWS in South Korea amongst local organisations. This dearth of adequate research demonstrates a clear gap in the HPWS literature, which needs to be filled by extensive contextual studies in non-western contexts.

1.1.2 Customised HPWS Configuration for Non-western Context to Facilitate Meaningful Cross-cultural Comparison

Parks (1995) and Boxall and Macky (2009) argued, if systems are studied without consideration to the uniqueness of their respective contexts, the results may be non-conclusive or flawed. Boxall and Macky (2009: 161) criticized the HPWS studies which
champion context-free ‘best practices’, calling them ‘fatally flawed’, and instead advocating that HPWS studies should be “empirically grounded and much more conscious of the need to specify how work reforms are meant to affect employee attitudes and behaviour”. The authors also highlighted the growing importance of research focusing on two key questions: why HR systems change and which HR policies and practices underpins those changes; and secondly how the links between new HR systems and organisational performance can be improved through the identification of mediating links or intervening variables (Boxall & Macky, 2007). These questions lend themselves to a case study approach as this form of research is more appropriate for answering how and why questions (Yin, 2008). Boxall and Macky’s (2007) literature review is useful in confirming that most of the dominant research primarily studied western firms to address the issues stated above. As Bowen and Ostroff (2004) observed, knowledge of how to refine and implement HRM practices within a particular context may not be as widespread as the knowledge of different HRM practices. This indicates that an exploratory case study set in developing countries is warranted in order to fill the research gap (Guest, 1997). This study should help lay the foundation to minimize this research gap and to improve understanding of the causality of HPWS- employee performance link (Guest, 2011).

1.1.3 Facilitating HR Practitioners in Bangladesh (and in Similar Contexts)

Bangladesh has often been labelled as a ‘paradoxically strange country’ by authors (Chowdhury & Mahmood, 2012; Huque, 2011; Sarker, 2006). The reason behind such labelling is primarily the country’s unexpected economic resilience “in the midst of persistent natural calamities and widespread poverty, political turmoil, military intervention, overpopulation, and pervasive corruption at every administrative and political
level” (Chowdhury & Mahmood, 2012: 314). Therefore Bangladesh is especially interesting as a research site due to its complexity compared to other Asian countries in the N-11 list.

**Customised HPWS Configuration for Bangladeshi Banks**

This study will contribute to the academic literature by investigating and selecting an appropriate configuration of HPWS for Bangladeshi banks. This will enable them to be generalized for similar contexts, based on the view of industry experts. The study will also test the link between HPWS and attitudinal reflections of employees and their subsequent link to individual employee performance. This study also addresses the complex interactions between different attitudinal and employee affective outcomes (i.e., psychological empowerment, employee trust and affective commitment) (Boxall & Macky, 2009), which act as mediators between HPWS-employee performance links (Allen & Meyer, 1990; Boxall et al., 2011; Boxall & Macky, 2007, 2009; Cook & Wall, 1980; Mishra & Morrissey, 1990; Spreitzer, 1995). Most HPWS studies to date have tested the mediating roles of only one or two of the three affective outcomes listed above using traditional regression models. This study on the other hand has used structural equation modeling (SEM) to simultaneously test the complex mediation paths of all three of these attitudinal outcomes.

**Creating Awareness Among HR Practitioners of the Effective Use of HPWS**

This study is expected to create awareness among the HR practitioners of the importance of HPWS implementation in Bangladeshi banking sector. A better understanding of the ‘black box’ of HRM (i.e., how HR practices influences employee attitudes and behaviours and
their subsequent performance) may potentially facilitate the effective use of HRM (Boxall et al., 2011). This study may also encourage increasing context driven interventions of high performance work systems in local private commercial banks (PCBL) in Bangladesh or in similar contexts. Bangladeshi banks will benefit from a customised HPWS configuration that will help improve employee performance in a market facing intense competition.

1.2 Purpose, Design and Questions

1.2.1 Purpose

The purpose of this study is to examine the High Performance Work Systems (HPWS) in two Bangladeshi banks. There is a dearth of HPWS research undertaken in non-western contexts such as Bangladesh, so this study will explore the impact of socio-economic, cultural, political and internal factors on the use, implementation and effectiveness of HPWS in these two Bangladeshi banks. Moreover, the study will investigate the mediating effects of psychological empowerment (PE), employee trust in the immediate manager (ET) and affective commitment (AC) on the relationship between perceived HPWS and supervisor ratings of individual employee performance.

1.2.2 Research Design

This research adopts a case study approach with the unit of analysis at the organisation level. The researchers maintain a constructivist paradigm in conducting this study. Two PCBLs in Bangladesh have been chosen based on their consistent financial performance over last three years, and managerial independence from shareholder influence (BankScope-Bureau van Dijk, 2010).
The data has been collected and analysed using multi-method research design in two phases. The first phase used semi-structured interviews and focus group discussions across different levels of management. The qualitative data has been analysed using a recursive abstraction technique and thematic analysis. The findings from this phase facilitated the design of the questionnaire survey that was used in the second phase (the quantitative study). The survey results from the quantitative phase were analysed using Structural Equation Modelling (SEM) in AMOS18.

A considerable number of the studies investigating the effectiveness of HPWS have shown a positive link between HPWS and performance (U.S. Department of Labor, 1993; Bartram & Casimir, 2007; Bartram, Stanton, Leggat, Casimir, & Fraser, 2007; Gittell, Seidner, & Wimbush, 2010; Harley, Allen, & Sargent, 2007; Huselid & Becker, 1995; Liao et al., 2009; Nishii, Lepak, & Schneider, 2008). The same results may reasonably be predicted in different or even opposing contexts. For example, if western practices are tested in an emerging economy without understanding the unique contextual requirements, the study result may not reveal the actual nature of the causal relationships (Boxall & Macky, 2009; Parks, 1995; Brewster, 2006). Therefore, the hypotheses of this study have been constructed based on the logic that the HPWS construct is highly contextual. It is also predicted that the context appropriate HPWS will positively affect employee performance through their affective attitudinal outcomes (Boxall et al., 2011; Guest, 1997).
1.2.3 Research Questions

To explore the HPWS in emerging economy context, the following research questions have been asked:

Q1: In what ways do internal, socio-economic, cultural and political factors shape high performance work systems in the banking industry in Bangladesh?

Q2: How is HRM understood, interpreted and practiced across the management hierarchy in the banking industry in Bangladesh?

Q3: Do employee perceptions of high performance work systems impact their affective commitment, trust and psychological empowerment, and subsequent ratings of employee performance?

1.3 Outline of the Thesis

The current chapter has outlined the motivation and background of the research. It delineated the potential contribution and significance of this study and outlined the purpose, design and research questions.

Chapter Two explores the research context, and the rationale for situating the current study within the Bangladeshi banking sector.

Chapter Three presents a review of the relevant research literature as related to the theoretical construct of HPWS. This chapter gives an overview of the evolution of the HPWS construct and the development of the causal chain that links it to performance.
Chapter Four provides support and a rationale for the research model specifications and hypotheses development for this thesis.

Chapter Five explains and rationalises the research design of this study. This chapter focuses on the benefits of using a multi-method multiple case study approach for this research. The chapter then addresses the methods of data collection and analysis undertaken in this study to improve the reliability and validity of the multi-method research findings. The chapter also highlights the potential limitations of this design.

Chapter Six presents the schedule of questions employed and then analyses the findings from the interviews and focus groups. The chapter also summarises the key qualitative findings that may facilitate the subsequent quantitative phase of the study and then outlines the development of the quantitative research instrument.

Chapter Seven presents the final measures of the different constructs used in the hypothesised mediation model of this thesis. This chapter presents the findings from the questionnaire survey in the quantitative phase of the study, along with the interpretations and analysis. It also presents a multi-group comparative study across the two case study banks to demonstrate the scope for future research.

Finally, Chapter Eight discusses the summary of the findings from both the qualitative and quantitative phases of the study and examines the questions and hypotheses in the light of those findings. It also lays down the theoretical and practical implications of the study, and outlines the scope for further research in similar contexts.
Chapter Two

The Context of Bangladeshi Banking Sector

2.0 Introduction

There are two broad themes in this thesis: defining the HR context of the banking industry in Bangladesh, and linking the perceived HPWS to individual level performance. This chapter addresses the first theme by highlighting the importance of understanding context in the HPWS studies. This chapter also outlines the foundations for studying the macro context (the Bangladeshi banking sector) using secondary sources in conjunction with the results of a preliminary field study. The participants were informally consulted in order to gain preliminary knowledge about the banking sector in Bangladesh, and this was done through unstructured face-to-face interviews. One interviewee was a faculty member and researcher from the Bangladesh Institute of Bank Management (BIBM), another was a representative from the research division of the Bangladesh central bank, two more were retired bankers with more than 15 years of work experience in different banks in Bangladesh, and lastly the HR heads from the two case study banks also participated in the preliminary field study.

Secondary sources used in this study include academic literature, Bangladesh Bank (BB), other government publications, and newspaper articles. Observations made by the researcher during the preliminary field study (conducted in February 2010) were also used to understand the research setting. It is argued in this chapter that the selection of the Bangladeshi banking sector as the research context may potentially be the paramount
contribution of this study to minimise the research gap in the contextual coverage in HPWS literature.

2.1 The Importance of Context in HPWS Study

A number of authors have focused on the identification of contexts where the influence of HPWS on organisational performance varies, as a means of advancing SHRM research (Combs, Liu, Hall, & Ketchen, 2006; Derely, 1998). The importance of both internal and external context in the selection of business practices (especially HR policy and practices) has been emphasised in many recent studies in the HPWS area (Boxall & Macky, 2009; Budhwar & Debrah, 2001; Newell & Scarbrough, 2003). Furthermore, industry context has been suggested as a potentially important moderator that deserves attention (Combs, Liu, Hall, & Ketchen, 2006; Batt, 2002; Datta, Guthrie & Wright, 2005). Boxall and Macky (2009) emphasised the importance of understanding contextual differences in service industries due to the wide range of strategic choices available (e.g., mass service vs. professional service) within the same industry. The service industry appears to have reaped maximum benefit from HPWS in contrast to manufacturing because employees seem to have more discretion (Rosenthal, Hill & Peccei, 1997), which is an important outcome of HPWS (Bailey, 1993). Moreover, the effects of HPWS on employee behaviour directly affect quality of services, as service industry employees maintain close contact with customers (Batt, 2002).

As a key important service industry in Bangladesh, the banking sector has been selected for the current study as a means to expand SHRM research beyond the more familiar western context. Defining the context of the banking sector in Bangladesh and identifying the
expected sharp contextual distinction between Asian countries (or N-11 countries) and western countries (Budhwar & Debrah, 2001) lay the foundation for the academic contribution of this research.

The importance of context in the field of HPWS (and particularly in this study) will be elaborated in the next segment. Moreover, the significance of studying the banking sector in Bangladesh is explained in the following sections of the chapter. The chapter ends with a discussion of the external context of Bangladeshi banking sector based on relevant secondary sources and the field work.

2.1.1 Influence of Context on HR Practices and Expected Employee Role Behaviour

The importance of context in any area of social science (including the study of management) has been recognized since the early 1950s. General systems theory is used to describe the effects of internal and external factors on organisations (Von Bertalanffy, 1950). The ‘role behaviour perspective’ has further extended the study of contextual impact by concentrating on individual employees rather than organisations as a whole (Katz & Kahn, 1978). This theory recognises the impact of social systems characterised by multiple roles, and expectations from different role partners within and beyond the organisational boundaries. According to Jackson and Schuler (1995) these two theoretical perspectives are relevant to understanding HRM in context. The same authors also recognised resource dependence (Pfeffer & Cohen, 1984) and institutional theories (Meyer & Rowan, 1977) as supporting the role of context in examining large public bureaucracies. They highlighted the concept of human capital theory (Becker, 1967), transaction cost theory (Williamson, 1979), agency theory (Jensen & Meckling, 1976) and resource based theory (Barney, 1991;
Conner, 1991; Porter, 1985) in understanding business enterprises where performance is of prime importance. The basic constitution of these theories implies that in order to create a high performing organisation, contextual understanding plays a major role. In particular, resource based theory, resource dependence theory and human capital theory directly put human resource management (policies, practices, productive behaviour and roles) into a contextual setting.

Bowen and Ostroff (2004) identified different elements of the internal context (such as HR strength/climate) as antecedents to HR policy and practices, or as a mediator in HRM-firm performance linkage. Climate, according to Bowen and Ostroff (2004) has two aspects: individual level perception (such as psychological climate) and organisational level climate (shared perception at firm level). The above research used situationism, taken from social psychology (Lewin, Lippitt, & White, 1939), as a theoretical framework to emphasise the importance of changing roles and decisions based on the employees’ perceptions of a situation. Hence this theory recognises the importance of context, and its implications for managerial policy and practices. However, this concept recognises the effect of employee perceptions of a situation rather than the actual situation itself, and this is a significant contribution to extending the HR causal chain. More recently, Nishii and Schneider (Nishii, Lepak, & Schneider, 2008; Nishii & Schneider, 2007) introduced the concept of HR attribution (the positive or negative employee perception of managerial intentions behind different HR practices) as a mediating variable that forms the employee perception.

The context-specific nature of HR policies and practices and their subsequent reflection on performance is accepted today by most researchers in the HPWS area (Boxall, 1996; Brewster, 1995; Jackson & Schuler, 1995). Those working in the HR area (Budhwar &
Debrah, 2001; Budhwar & Debrah, 2009; Debrah & Budhwar, 2004) have identified the necessity of studying HR in different country contexts. Some social science researchers have tried to describe the nature of contextual differences between regions, and even tried to group countries into different clusters based on similarities and differences in contextual characteristics, especially cultural orientations (Ronen & Shenkar, 1985). The basis of such clustering is national cultural context (using power distance, uncertainty avoidance, individualism and masculinity), which resulted in clustering countries based on shared language, history and proximity of locations. This clustering is justifiable with the exception of countries like India, which falls into more than two different clusters. Additionally this research only categorises countries that have been previously included in different cross-cultural management studies. Little of this research includes Bangladesh, and the lack of substantial or recognisable studies that include Bangladesh is one of the motivating reasons for conducting this research. Depending on the characterisation of the clusters, it can reasonably be assumed that Anglo cluster (USA, UK, Canada, Australia etc.) is positioned at the opposite end to the far-east cluster (Pakistan, India, Philippines, Taiwan, Thailand etc.). Based on language, history, and geographical and cultural proximity, it can be inferred that Bangladesh should fall into the later group. However the basic logic behind clustering countries based on power distance, uncertainty avoidance and so forth (together with the measurement of these) could be flawed or biased toward western distinctions. Thus this cannot be the ultimate parameter of measuring cultural differences. This weakness is evident in case of repeated or multiple clustering of countries like India and Japan. Again this demonstrates how a clear lack of adequate and comprehensive studies adds to limitations in evaluating the effectiveness of certain management practices. That said,
cultural clustering does provide a reasonably good starting point for understanding the national cultural context of Bangladesh.

2.1.2 The Research Gap Existing in Context Coverage

To date HR practices have been studied most significantly within the western context (Boxall & Macky, 2009). However, there is a gap in the HPWS literature relating to non-western contexts (Brewster, 2006) especially relating to South Asian underdeveloped countries. This is significant as this context is substantially different from both developed western countries and also from other developing Asian countries. Therefore, choosing Bangladesh as representative of the forty-nine least developed countries listed by United Nations in 2008 (and also of the N-11 countries), will enable contribution to the HPWS literature by providing non-western empirical evidence.

A recent study by Chowdhury and Mahmood (2011) indicated a partial influence of societal institutions, such as national education and training systems, regulatory frameworks and IR systems on the development of HRM practices (recruitment and selection, training, pay structure and industrial relations) in foreign subsidiaries in Bangladesh. The above study contributes to minimising the research gap in HR within the context of developing countries. However, there is still a considerable research gap related to exploring HR in a purely local Bangladesh context, especially as HRM practices in foreign subsidiaries are heavily influenced by the weight of pressure and the degree of legitimization from both headquarters and local institutions (unlike local private firms) (Chowdhury & Mahmood, 2012). This study revealed how leading domestic business groups and private banks in Bangladesh are slowly adopting the systematic HRM practices of the MNEs, which
indicates the covert influence of western HR practices in Bangladeshi banking sector. Chowdhury and Mahmood’s (2012) study is one of the very few research investigations that covers a ‘paradoxically strange country’ like Bangladesh. Consequently it has been used to predict the influence of social and institutional arrangements in shaping HRM practices in Bangladesh. The study also highlights the budding influence of western HR practices on Bangladeshi firms alongside the influence of globalisation. Other studies have been conducted in the context of India, China and Nepal (Budhwar & Debrah, 2001; Gautam & Davis, 2007), which are possibly closest to the context of Bangladesh. However, most of these studies suffer major limitations in terms of methodology, and the extent and depth of data collection and coverage. For example, a study of the financial sector of Nepal (Gautam & Davis, 2007) fails to link HPWS to performance, although it tries to link context to integration of HR practices in Nepalese financial institutions, and gives a realistic definition of the context of emerging economy.

None of the above studies conducted in similar contexts include an in-depth case study of two organisations operating in the same external environment. This study will potentially provide a richer and deeper understanding of the role of context in shaping HR practices. Moreover, it will isolate the impact of internal context on HR practices, as both of the selected companies in this study operate in a similar external context yet have different levels of performance. These organisations probably use different HR practices, or the similar practices with different outcomes, which is worth investigating. It should be interesting to examine the contextual dynamics behind such similarities or variations.

Most of the studies done in the area of HPWS in the banking sector (or any other service sector) fail to provide for meaningful comparison and deeper understanding of different
firms operating in similar macro contexts, with most having collected data through industry-wide surveys (Gautam & Davis, 2007; Liao et al., 2009) or in-depth case study of one organisation and its internal divisions or units (Stanton, Bartram, & Harbridge, 2003). The differences between the divisional objectives and nature of the jobs provide very little ground for realistic comparison in terms of performance, because the performance criteria across divisions of the same organisation are simply not the same (Boxall & Macky, 2009).

There are a few studies that have used more than one organisation for an in-depth case study but they failed to control the organisational outcome variables, as the organisations were not selected based on their performances. This study initially assumes that two organisations with considerable contextual similarity should show similar causal relationships (perceived HPWS-employee performance link) irrespective of firm level performance. In contrast, a significant amount of the literature suggests that HPWS are more likely to be visible in high performing organisations. A large amount of research linking HPWS to firm performance is post predictive and links current HPWS practices to past organisational performance. Therefore, critics have suggested that higher organisational performance precedes the adaptation of progressive HR systems (which is known as reverse causality in HPWS framework) (Wright, Gardner, Moynihan, & Allen, 2005). The current study looks into the perceived HPWS and employee performance and not the actual HR practices or firm performance. Therefore the reverse causality of HPWS-performance is not predicted in this study. However, selecting two firms with considerable contextual similarity and different levels of performance aids in generalising the causal predictions across firms with different levels of performance.
Despite the facts above, variation is expected in relation to how HPWS is operationalized across the case study banks due to the differences in their internal contexts. This is because no two firms can be identical. However contextual variations between the two case study banks, are not expected to be significant due to considerable external and internal contextual similarities across banks. The above discussion implies that a research gap exists from the methodological point of view, and this current research can potentially fill that gap in the HPWS literature (by studying multiple cases). This should help generalise the proposed HPWS model across PCBLs in Bangladesh with different performance levels and operational history. Any variation in the HPWS-employee performance causal links between the two case study banks is predicted to be influenced by internal contextual variations, and not necessarily by the firms’ performance in this study.

Most of the studies conducted so far in the context of emerging economies have used the western list of HPWS, and consequently have evaluated effectiveness in this context. Some have studied the western subsidiaries that largely follow the parent organisation’s HR practices, or have aimed to explore the nature of local HR practices while overlooking links to performance (Gautam & Davis, 2007). This study customises the perceived HPWS configuration that has evolved within the local Bangladeshi context, in order to provide a clear understanding of why this was deemed appropriate in that context (Guest, 2011), before analysing how these HR practices are then linked to desired outcomes. Hence the what, why and how aspects of HPWS theory are thoroughly covered by the current study, whereas they have rarely been covered by any other HPWS study in Asian emerging economy context (refer to Table-2.1).
Table 2.1: Highlights of the HPWS Studies in the Context of Asian Emerging Economies

<table>
<thead>
<tr>
<th>Reference</th>
<th>Region/s covered</th>
<th>The major aim of the study</th>
<th>Quality of the research and findings</th>
<th>Research design</th>
<th>Findings and contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absar (2012)</td>
<td>Bangladeshi public and private sector manufacturing firms</td>
<td>Compare the recruitment and selection practices between public and private sector manufacturing organisations.</td>
<td>Non-refereed journal article. Research design does not adequately support the objective and scope.</td>
<td>Questionnaire survey</td>
<td>Recruitment and selection in private sector manufacturing organisations is more systematic than their public sector counterparts due to proper use of job analysis and fairness. However, private sector still needs to implement formal recruitment policy and attract more qualified potential candidates for the job.</td>
</tr>
<tr>
<td>Chowdhury and Mahmood (2012)</td>
<td>European Multinational Subsidiaries in Bangladesh</td>
<td>Investigates the impact of societal institutions on human resource management (HRM) practices in four European multinational subsidiaries in Bangladesh.</td>
<td>Published in a refereed journal. All findings are valid and reliable. This paper has been widely used to define cultural context of Bangladesh in this thesis.</td>
<td>In-depth case study using interviews and observation.</td>
<td>Political system as a societal institution is a determinant of HRM practices in the case study subsidiaries.</td>
</tr>
<tr>
<td>Haque, Rahman, and Hussain (2011)</td>
<td>Bangladeshi private organisations in Dhaka city.</td>
<td>Examine the main factors influencing employees’ performance in Bangladeshi private organisations.</td>
<td>Non-refereed journal article. The performance indicators are self-reported and ambiguous with possible CMV issues that are not reported.</td>
<td>Questionnaire survey (N=180). SEM has been used to analyse data.</td>
<td>A significant proportion of employees’ in private organisation in Dhaka city perceives application of rewards, diversified workforce, training and development program and surrounding work environment to have significant influence on employee performance. They tested and established the direct link between the above four work practices and performance.</td>
</tr>
<tr>
<td>Rahman, Hussain, and Hussain (2011)</td>
<td>Bangladeshi private organisations in Dhaka city.</td>
<td>To examine the impact of financial rewards and diversified workforce on employee performance.</td>
<td>Non-refereed journal article possibly using the same or extended data set as Haque, Rahman, &amp; Hussain (2011). The performance indicators are self-reported and ambiguous with possible CMV issues that are not reported.</td>
<td>Questionnaire survey (N=300), SEM has been used to analyse data.</td>
<td>The majority of employees believed that financial reward practices by the firms had a significant effect on their performance followed by diversified workforce culture in their workplace. The above finding seems like the partial representation of the findings of Haque, Rahman, &amp; Hussain (2011).</td>
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</tr>
<tr>
<td>Chowdhury (2011)</td>
<td>Bangladeshi MNEs</td>
<td>Comparing the performance management system (PMS) and its link to other HR practices between the local private organisations and MNEs operating in Bangladesh.</td>
<td>The journal quality (Non-refereed status) is questionable. However, this paper indicated that PMS is potentially an important part of HPWS in Bangladeshi private banks. This finding has been used in ‘perceived HPWS’ framework.</td>
<td>Questionnaire Survey</td>
<td>The rapid integration with global market place has encouraged some of the local organisations to follow best management practices of the MNEs related to PMS practices. Some rapidly growing local business conglomerates have realised the need for standardized systems and processes to measure and reward performance. A low level of linkage between performance measurement outcome with other HR planning and activities had been observed. The PMS in most organisations is based on competence, confidential and subjective evaluation of supervisors. Financial sector among eight other sectors scored the highest in linking PMS to principle HRM practices according to HR Practices Survey Bangladesh 2006, by Human Capital, Ernst &amp; Young.</td>
</tr>
<tr>
<td><strong>Samad (2008)</strong></td>
<td>All 44 public and private commercial banks operating in Bangladesh.</td>
<td>Comparison of two competing hypotheses—the traditional structure–conduct–performance (SCP) hypothesis and the efficiency hypothesis (EH) with regards to market structure and performance in Bangladesh banking industry.</td>
<td>Published in a refereed journal. This paper has been used only to define industry context of Bangladeshi banks in this thesis.</td>
<td>Cross-sectional data for the period 1999–2001 was obtained from the consolidated balance-sheets and income-statements published by the Ministry of Finance, Peoples Republic of Bangladesh.</td>
<td>This study supports the EH hypothesis as an explanation for market performances in Bangladesh. However, for policy purposes, the impact of the banking structure needs to be explored further. The findings are not relevant to the current study. However it may help understand the industry context.</td>
</tr>
</tbody>
</table>

<p>| <strong>Reaz &amp; Arun, (2006)</strong> | Banking sector in Bangladesh | Explores the corporate governance of the banking sector of Bangladesh. | Published in a refereed journal. This paper has been used only to define industry context of Bangladeshi banks in this thesis. | Based on secondary data. However, the research design is not very clear. | This paper established the importance of corporate governance in Bangladeshi banking sector as a crucial force in economic development. It explains the ownership structure, board issues, executive aspects, and disclosure and audit practices along with their associated weaknesses in the banks in Bangladesh. The paper highlights the negative role played by the political interference and failure of regulators in the banking industry. This paper helped the researcher of the current study determine an important selection criterion of the case study sample, i.e., managerial autonomy (free of shareholders’ undue influence in administration). |</p>
<table>
<thead>
<tr>
<th>Authors</th>
<th>Country</th>
<th>Study Objective</th>
<th>Study Type</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budhwar &amp; Debrah (2009)</td>
<td>Asia</td>
<td>To highlight the existing HR studies in Asian context and future research directions and framework for cross cultural HR studies.</td>
<td>Secondary study based. Review of Asian country specific HR literature.</td>
<td>The study suggested that there should be more country specific HR researches and cross country comparison. The paper also attempted to provide a cross country study framework which is not very helpful or original. It reemphasised the importance of context in HR studies.</td>
</tr>
<tr>
<td>Huda, Karim, Ahmed, and Olu-Olu (2007)</td>
<td>Bangladesh, Ready-made Garment Sector</td>
<td>The aim was to explore the current SHRD condition in Bangladeshi RMG sector</td>
<td>Empirical study combining questionnaire survey among 44 RMGs and desk study (not clear how it was done). Interviews were also mentioned but no such analysis was found.</td>
<td>Findings are confusing and out of focus. Mainly the results suggest that the companies were claiming to have all good and acceptable HR and IR practices (the questionnaire itself was out of direction), while in reality they are not (not clear how that conclusion has been reached). Some recommendations have been given based on nothing. Highly unreliable and poorly constructed research with little or no validity.</td>
</tr>
<tr>
<td>Gautam and Davis (2007)</td>
<td>Nepal</td>
<td>The aim was to explore the nature of HR practices in financial sector in Nepal</td>
<td>Exploratory study with structured interview of senior HR executives among 26 random sample firms.</td>
<td>HRP integration and line managers’ responsibility is increasing but mainly due to necessity in absence of strong HR functions. These facts do not really say much about appropriate High performance practices.</td>
</tr>
</tbody>
</table>
The above table (Table 2.1) includes the HR literature most relevant to emerging Asian economies while selectively excluding all literature already included in the paper by Budhwar and Debrah (2009) (despite of its relevance and importance).

Two recent articles (Haque et al., 2011; Rahman et al., 2011) have explored the effects of workforce diversity, work environment, reward (financial and non-financial) and training and development on employee performance in the private sector in Bangladesh. They established that a significant relationship existed between the above factors (especially reward and employee performance) using SEM. However, the method of collecting individual employee performance data is not clearly explained in this literature. The researchers appear to have used individual performance as a latent variable, assessed through perception of changes in the individual performance resulting from changes in the four independent variables mentioned above. Due to lack of disclosure of the procedures used in obtaining the information for the dependent variable (individual performance), the validity of the findings from above literature is somewhat questionable. Moreover, if all dependent and independent variables are based on perception, CMV issues need to be tested and addressed, and this is not evident in the above papers. Moreover, the selection of factors affecting employee performance seems random and non-specific to a particular context.

Given these considerations it is fair to argue that not enough country (or industry) specific reliable and valid research has been done in HR in Bangladesh (Budhwar & Debrah, 2009). More importantly, no literature linking HPWS to performance has been found to date that studies Bangladeshi banks. Many studies have been done on CSR or corporate governance (Chowdhury, 2002), IR issues, or HR practices in multinational subsidiaries (without
considering their link to performance) (Chowdhury & Mahmood, 2012), and none of these are directly relevant to this thesis.

The above discussion highlights the importance of conducting more context specific studies to enrich the HPWS literature. Guest (1997, 2011) identified the need for having more case or longitudinal studies in order to provide strong empirical evidence and an alternative set of practices for different contexts. Guest (1997) argued that such studies are needed in order to establish the relationship between HR practices and employee or organisational outcomes. Many researchers to date have attempted to remedy this by taking selected outcome variables into account (Newell & Scarbrough, 2003). However, the expected outcomes need to be defined on the basis of the strategic goals of the organisation, as most SHRM research suggests and its relevance to differing cultural contexts (Guest, 2007). Moreover, the reasoning for selecting a bundle of HR practices also needs to be identified (Guest, 1999). A number of studies have been undertaken in the western context that consider strategy and context driven HR practices and outcomes (Newell & Scarbrough, 2003). However, there is a gap in the HPWS literature with regard to systematic studies conducted in the less developed South Asian (or N-11) countries. These countries are significantly different from western countries (Verma, Kochan & Lansbury, 1995; Warner, 2000; Budhwar & Debrah, 2001) and the other N-11 countries (Budhwar & Debrah, 2009; Chowdhury & Mahmood; Sarker, 2006) and therefore require further coverage. The remainder of this chapter discusses the external context of the Bangladeshi banking sector through the use of secondary sources and a preliminary field study in order to initiate an understanding of the national context, with regard to potential HR implications. The exploration of this case study context is further complemented by the findings of the qualitative phase of this research, which will be presented in Chapter Six.
2.3 The External Context of Bangladesh

For the purposes of this study, context has been defined as a combination of both internal and external factors, as suggested by the Framework of Strategic HRM in Multinational Enterprises by De Cieri and Dowling (1999, as cited in Dowling, Festing, & Engle, 2008). This framework implies that external factors influence internal factors, and both impact HR functions, strategy, and HR practices - leading to the achievement of corporate goals. All these elements affect each other in similar ways except with regard to internal and external factors. This framework is appropriate for this study, although the case study banks have not yet evolved to the status of MNEs (for which the framework was developed). Stahl and Bjorkman (2006:1) defined International Human Resource Management (IHRM) as broadly covering “all issues related to the management of people in an international context” and they also included comparative analysis of HRM in different countries.

This study inherently tests the western HPWS construct within a local Bangladeshi context, and is expected to facilitate future comparative studies between western and non-western contexts. Moreover, the strategy pursued by the selected high performing case study bank (Bank A) is internationalisation. Both banks have more than one branch or representative offices overseas or are planning to expand internationally, as disclosed by the top management during the preliminary field study and further confirmed during qualitative study. According to Scullion’s (1995: 352) holistic definition, ISHRM includes “the human resource management issues and problems arising from the internationalization of business, and the human resource management strategies, policies and practices which firms pursue in response to the internationalization process”. Moreover, as all kinds of international trade and monitory transactions require banking services across national borders. Banking (more
than other financial sectors) is more directly affected by globalisation and changes in global economy - as included in this framework. Therefore, external environmental factors in the framework are most appropriate for discussing the broader context of the Bangladeshi banking industry within which the case study banks operate. According to De Cieri and Dowling (1999 & 2008), the external environmental factors are comprised of industry/sector characteristics, global, regional, national and local characteristics and inter-organisational networks. The following sections will discuss the context of Bangladeshi banking sector under the three broad external environmental themes stated above.

2.3.1 Industry/Sector Characteristics:

The banking sector in Bangladesh has long suffered from the so-called ‘informal economy’ (Schick, 1998: 127) in the absence of a sufficient market economy in Bangladesh (Islam, 2004; Sobhan, 2002), and this is characteristic of most developing countries. The industry has also faced privatisation and financial sector reforms since the structural adjustment programmes in the 1980s (Sarker, 2006). This sector has been used and abused by the web of inter-locked exchanges among political elites, bureaucracy and business elites (Khan, 1998; Sarker, 2006) which has led to severe damage to organisational performance.

Sarker (2006) further observed how financial institutions have been systematically discouraged from effectively designing and implementing tighter credit policy, and have overlooked large-scale tax evasion and non-enforcement of legal provisions from the state. There is evidence to suggest that public enterprises including state owned banks were sold to the industrial groups at a give-away price during the privatisation in 1980s onwards, and the buyers of certain industrial groups received subsidised credit from government financial
institutions, until they eventually became ‘wilful defaulters’ (Chowdhury, 2002: 980). This trend eventually translated into a culture of default, which has been marked as a major cause of financial sector reforms (with the influence of World Bank and other internal monitoring agencies) in Bangladesh. These reforms led to greater operational independence for management and less influence from external groups channelled through the dominant shareholders.

The above history, facts and characteristics show the motivation for using the BvDep Independence indicator (which indicates managerial autonomy) as a major selection criterion for the case study banks in Bangladeshi context. Higher ranks held by organisations in the BvDep Independence Indicator (i.e., Rank A) indicate lesser scope for undue influence (induced by the web of inter-locked exchanges among political elites, bureaucracy and business elites) channelled through the shareholders onto bank operations. The aforesaid phenomenon has direct impact on banks’ operation, human resource effectiveness and overall performance in Bangladesh.

The web of inter-locked exchanges among political elites, bureaucracy and business elites - often referred to as ‘patron-clientage relationships’ (Sarker, 2006) - has been explained by Khan (1998) in great detail. Different regimes in Bangladesh have attempted to consolidate political power through economic liberalisation programmes (Quadir, 2000; Sarker, 2006). Sarker (2006: 193) observed how “the business community offers political leaders political and financial support. In return, they receive from the state legal and illegal, formal and informal, economic and political concessions”. Transparency International observes that since independence (in 1971), corruption has accounted for a staggering 540 billion taka in three key sectors of the economy. Privatisation of industries and major financial institutions
(banks and insurance) are two of these (Ahmad, Khan, & Nazneen, 1999: 2). The sector wide corruption report of Financial Institutions (Banks, formal micro credit etc.) shows that this sector accounts for seven percent of the total reported corruption in 1997, reduced to six percent in the year 2000 (Transparency International, 2000).

Despite the diminishing trend of reported corruption in the banking sector in Bangladesh in the years prior to 2011, the preliminary field study for this thesis revealed the fact that many shareholders of banks are known to be included in the ‘web of inter-locked exchanges’ as part of the business community. It was also revealed that the reputation of a bank in Bangladesh is largely dependent on the personal and professional reputations of known shareholders and top executives (Managing Directors and Deputy Managing Directors). This may have a reflection on the salary differentials of top executives from different banks and between MD and DMDs in the same bank. It may also affect the intended HPWS and each bank’s overall market performance.

Like many other post-colonial societies, Bangladesh has inherited a strong bureaucratic system from its colonial rulers (Alavi, 1972). By the same token, the banking sector has maintained a colonial bureaucratic structure which is severely criticised by nationalised commercial banks through the staff trafficking (from public to private banks) during privatisation. Most of the early recruits in local private commercial banks migrated from government owned banks and then culturally influenced the PCBLs. However, our preliminary field study indicated that the new trend in PCBLs was the recruiting of top executives with longer experience in successful operations in foreign banks in Bangladesh who could culturally re-shape the PCBLs and position them to compete with the foreign banks’ operations. This new generation of leaders in the banking sector has gradually
changed the image of the banks, their pay structure, job design, recruitment and selection procedures, promotion policies, service quality and staff performance expectations.

A number of leading newspaper articles in Bangladesh in recent years have reported on the competition faced by the banking sector in Bangladesh from non-bank financial institutions (NBFI) and micro finance institutions (MFI) and the wider capital market (Rashid, 2010). This demonstrates the importance of developing a highly capable team of bankers, and this has been a leading recommendation printed in many newspaper articles (Rashid, 2010). The same solution has been suggested by researchers, bankers and regulatory bodies closely involved with the banking industry in Bangladesh who were interviewed in the preliminary field study.

2.3.2 Global, Regional, National and Local Characteristics:

The global, regional, national and local characteristics include geopolitical, legal, cultural and economic factors (De Cieri & Dowling, 2006). All these factors are connected to (and influenced by) each other like a chain. If any of the above factors is weak, it poses threat to the whole system, which is evident in case of the Bangladeshi banking sector. The following segment will explain the combined effects of geopolitical, legal, cultural and economic factors, and their inter-connections and possible influence, on the banking sector in Bangladesh.
Phenomenon of informality in the Peruvian economy (Sarker, 2006) that resembles Bangladesh:

The above phenomenon is described by Soto (quoted in Schick, 1998:127) as “a grey area which has a long frontier with legal world and in which individuals take refuge when the cost of obeying the law outweighs the benefits”. The above statement shows the effects of the absence of a formal market economy in Bangladesh and most other developing countries in South East Asian region (Sarker, 2006; Sobhan, 2002; Schick, 1998), which is culturally embedded and supported by the legal system. This phenomenon has directly affected banks, especially with regard to fostering the default culture that existed from the 1980s till the early 1990s, and the consequent strategic prioritisation of compliance issues over economic performance in the banking sector in Bangladesh. This change has eventually redirected the focus of HRM in Bangladeshi banks from financial outcomes to compliance issues.

The impact of state power on market in East and Southeast Asian region

McCourt (2002) recommended public administration mode in case of countries where corruption is a real problem. The central bank in Bangladesh has gradually been increasing its attention on and support for compliance issues/due process over the years, especially in case of foreign exchange (FOREX) dealing and lending services provide by financial institutions. The main reason behind such emphasis on compliance is the default culture and money laundering, both of which are caused and nurtured by the corrupt political and legal system and the informal market economy discussed earlier. However, corruption at the state level prohibits proper implementation of good governance in private sector (Chowdhury, 2002).
Sarker (2006) acknowledged the power of state institutions in Eastern and South eastern Asian countries, contending that the market (for practical purposes) had seldom been independent of state power. Bangladesh has long suffered from poverty, unemployment, low economic growth, trade imbalance, external debt, aid dependence and influence - like many other developing countries in this region (Caulfield, 2002; Clarke & Wood, 2001; Cook & Kirkpatrick, 1998; Haque, 2001; Knapman & Saldanha, 1999; McCourt, 1998, 2002; Nixson, Cook, & Kirkpatrick, 1998). The state, as the most corrupt institution in the country, has failed to provide any visible assistance to the banking sector other than financial sector reforms implemented in the late 1980s onwards which were dominated by the International Monetary Fund (IMF), World Bank and other aid/donor agencies’ recommendations.

The role of IMF, WB and international donor agencies

The role of multi-lateral and bilateral donor agencies in stimulating reforms in the developing world is significant - though not always viewed favourably. As mentioned earlier, the IMF and World Bank play a major role in the financial sector reform in Bangladesh by providing research based recommendations to the state authority which are then implemented through the Bangladesh Bank. Many authors have evaluated the attempts to impose western organisational and institutional structures on the developing world as counterproductive (Farazmand, 1998; Knack, 2001; Macdonald, 1998; Ray, 1999; Turner & Hulme, 1997). However, the government of Bangladesh can hardly resist the policy prescriptions of the donor agencies (like most other developing countries) despite their questionable contribution to the provision of context specific recommendations (Sarker, 2006).
Relevant legal structure governing the banking sector in Bangladesh

Since the inception of Bangladesh as an independent nation (in 1971), the first major change in the IR system took place in 2006 (Chowdhury & Mahmood, 2012). According to the latest research published prior to the current study period, 21 labour and industrial laws provide the framework for IRS in the country (Faruque, 2009). The central bank of Bangladesh, Bangladesh Bank (BB), is the direct authority with the power to monitor, suspend, audit, inspect and recommend reforms for the banking sector (or any particular bank) as required within the boundaries of the rules and regulations of the ‘The Banking Companies Act, 1991’. These provisions state that “in addition to and not, save as hereafter express by provided, in derogation of, the companies Act, 1994 (XVIII of 1994), and any other laws for the time being in force” (The Bank Companies act, 1991, Act XIV of 1991, Sec.-2). Other laws that have implications for the banking sector in Bangladesh are: The Artha Rin Adalat Ain, 2003 (that regulates lending by financial institutions); The Artha Rin Adalat Rule, 1990 (which comprises the rules underpinning the above law); The Financial Institutions Act, 1993; The Financial Institutions Regulations, 1994; The Money Laundering Prevention Act, 2009; The Bankers’ Book Evidence Act, 2009; The Bank Amanat Bima Ain, 2000; The Bangladesh Currency Order, 1972; The Bangladesh Bank Order, 1972; The Karmasangthan Bank Ain, 1998; Bangladesh Labor Act, 2006 (Dhar, 2007).

A few of the above acts have direct implications for this study (e.g., the Bangladesh Labor Act, 2006). The regulatory bodies, mainly the BB, exert the most direct influences on bank operations. For example, the BB reserves the right to disqualify or appoint Managing Directors of banks according to The Financial Institutions Act, 1993: Section-25. The BB
has the right to remove the Chairperson, Chief Executive, Board of Directors or any other Director, according to Section-26 of the same act. The compliance to the BB rules and reforms is seen as a major performance indicator for the banks in Bangladesh both at the individual and organisation performance levels. Compliance issues have a significant impact on the bank operations, which raises concerns about the possible power abuse by BB officials (who represents the corrupt state owned organisations’ employees). However, the compliance to BB rules also has had positive impacts on minimising the default culture in this sector by balancing the authority of the directors of banking operations. Conversely, a number of regulations imposed by BB (e.g., BASEL III from September 12, 2010, and automated clearing houses) have been widely criticised in the market for being planned and executed without assessing the capability of the banks, which eventually leads to delays in implementation, confusion among the stakeholders, and poor customer service. These types of unplanned regulations encourage bankers to bypass the regulations. This is commonly termed ‘managing non-compliance’ in Bangladeshi banks (Rashid, 2010)

The Bangladesh Labour Act (2006) covers issues related to (1) wages and benefits, (2) trade unions and industrial disputes, (3) working conditions, and (4) labour administration and related matters. According to this act, all workers have the right to establish and join an association of their own choice without prior authorization. In the private sector, collective bargaining (CB) takes place at the enterprise level between the management and the union. If more than one union is involved then CB takes place with the collective bargaining agent (CBA) (Khan, 1996; Faruque 2009). “Employers can terminate any employee, trade union leaders included, with two months’ notice without any explanation” (Chowdhury & Mahmood, 2012: 5). These acts appear to be protective of employee rights, however it is the execution of these laws and the lack of credibility of the legal systems and governing
bodies that remain a source of concern. “Trade unions, professional associations, business associations and newspapers in Bangladesh are identified primarily on the basis of their political affiliations and links” (Chowdhury & Mahmood, 2012:5). Authors who have studied the socio-economic, political and legal context of Bangladesh argue that a weak and unreliable set of formal societal institutions, against a much powerful set of informal institutions has made Bangladesh complex and unique compared to any other countries, even countries other countries in Asia (Quadir 2000; Chowdhury, 2002; Sarker, 2006; Chowdhury & Mahmood, 2012; Huque, 2011). Widespread corruption, patrimonial politics, and loose or no ethics in the ruling administrative machinery have been identified as the informal societal institutions in Bangladesh that counteract and undermine the benefits of reasonably standardised and well-written laws.

2.3.3 Inter-organisational Networks

It is evident from the preliminary field study that inter-organisational networking is a vital part of core banking operations. Most of the PCBLs in Bangladesh maintain correspondence relationships with banks in different foreign locations in order to manage their ‘Nostro’ and ‘Vostro’ (i.e., foreign currency remittance accounts) accounts. The banks also use inter-organisational networks for efficient FOREX dealing and for competing with foreign banks and other capital intensive banks in the marketplace.

Syndication (in case of high profile lending) for risk management purposes, and combined ATM networks among a number of PCBLs (to counter the service quality of the foreign banks and other local banks with significant capital or reserve) are proven initiatives that have demonstrated successful inter-organisational networking over the years. The formal
and mandatory inter-bank network is monitored by the central bank through clearance house operations for inter-bank cheque clearance, and CBI reports from BB that report the credit history of any loan applicant in any bank and determine risks associated to new loan applications. This systematic and continuous regulatory cooperation among the banks helps minimise business risk and ultimately contributes to the banks’ performance improvement.

2.4 Summary

This chapter has demonstrated the importance of context in HRM studies, and more specifically in the Bangladesh banking sector. A complex set of historical, cultural and economic factors makes the HR context of the Bangladeshi banking sector unique (Chowdhury & Mahmood, 2012). Political influence, corruption, history of inter-locked exchanges, and the consequent interference of local and external regulatory bodies on the internal operation of banks have had potentially counteracting impacts on their HR systems. For example, the ‘patron-clientage relationships’ among internal and external stakeholders may lead to unfair recruitment and selection practices. On the other hand, the BB authority imposes strict rules and selection criteria for recruitment of key personnel that counterbalances the negative effects of informal recruitment practices.

Ultimately, the overwhelming history of corruption among BB officials and other government regulatory bodies may instil a new set of contradictory HR practices. A number of top managers informed the researcher that BB officials often pressure the banks to recruit their family members by abusing their (BB officials) inspection and monitoring authority over the banks. According to Chowdhury and Mahmood (2011: 4), the private sector owners and managers consider recruitment and selection of employees as a personal
matter, and maintain informal channels to fulfil this purpose. The same authors also contended that friendship and kinship and pressure from politicians from the ruling party take precedence over qualifications and skills of the candidates. These types of underhanded practices may counteract the benefits of strict policies imposed by BB and IMF through BB.

Informal selection practices (as opposed to selective hiring practices) are likely to shape up the trust and commitment of the high performing employees of an organisation. The favouritism or informal power wielded of unethically selected employees may also lead to further wrongful HR decisions related to training and development opportunities, empowerment, performance evaluation and rewards related practices. The wrongfully selected (but informally powerful) employees may become eligible to receive greater opportunities than employees selected based on their higher capabilities and merit. Consequently, employee performance and organisational performance are likely to suffer from poor HR practices and outcomes. These factors explain how external environmental factors, such as undue political pressure may shape organisational culture and show how unfair HR practices result in impoverished HR outcomes. However, there are firms that are consistently performing better than others in the same market despite facing similar negative external forces. Therefore, it seems imperative to consider and analyse each organisation as an unique case - and only case study research allows that.

Based on the aforementioned arguments from both secondary sources and preliminary field study, it is argued in this thesis that external context of Bangladesh plays an important role in defining the HR context of Bangladeshi banking sector. Moreover, determining how a particular bank manages and interacts with the same set of external factors depends on the
internal context of the bank. Therefore, an in-depth understanding of both internal and external context seems vital for predicting and explaining the findings of this study. A case study form of research is recommended to accomplish the above task. The selected cases should consider the performance levels of the banks and the level of managerial autonomy as important selection criteria. The above criteria may provide valuable insights (based on understanding their internal HR context) into why and how some banks are able to perform better under similar circumstances.
Chapter Three

Literature Review

3.0 Introduction

HPWS studies predominantly focus on bundles of HR practices rather than individual practices in examining the impact of HR systems on employee performance (Jiang, Lepak, Han, Hong, Kim & Winkler, 2011). A meta-analysis of 92 studies linking high performance work practices (HPWP) to organisational performance indicates a stronger relationship when researchers examined HPWP as systems instead of individual practices (Combs, Liu, Hall, & Ketchen, 2006). HR systems can be identified as HPWS (Becker & Huselid, 1998), high commitment HR systems (Arthur, 1992, 1994), high involvement HR systems (Boxall & Macky, 2009; Guthrie, 2001), and high investment HR systems (Lepak, Taylor, Tekleab, Marrone, & Cohen, 2007). Essentially though, all of these classifications refer to outcome driven and contextually specified dynamic bundles of HR practices (Lado and Wilson, 1994; Wright & McMahan, 1992). Jiang et al. (2011) acknowledged the challenges of defining construct for ‘HR systems’ due to the lack of consensus in empirical studies regarding the contents. Most of the SHRM researchers argue that the content of any HR systems must ensure external and internal fit. Therefore, the composition of HR systems varies in terms of both numbers of practices, and which practices should be included based on the demands of the respective contexts (Bartram, 2011; Jiang et al., 2011).

The above fact makes it difficult to define HPWS universally. It is contended in this thesis that HR practices within HR systems should be selected and defined based on the internal
3.1. The Evolution of the Concept of High Performance Work Systems

The concept of high performance work systems (HPWS) began emerging from within the human resource management (HRM) discipline with the uprise of Japanese high-quality production systems in the 1970s and 1980s (Boxall & Macky, 2007). These Japanese production systems initially included such techniques as quality circles, just-in-time inventory and delivery, and flexible, team-based production (Boxall & Macky, 2007; Bartram, 2005; Boxall & Purcell, 2003). The HPWP/HPWS concept, in its early stages of development included comprehensive employee recruitment and selection procedures, incentive compensation, performance management systems and extensive employee involvement and training (Huselid & Becker, 1995; Jones & Wright, 1992). A consistent stream of contributions to the area of the HPWS extended this concept beyond traditional HR activities by linking them to performance (Huselid & Becker, 1995; Jones & Wright, 1992).

To justify the selection of the HPWS composition for this thesis, the evolution of this concept needs to be explored. Performance based management practices (which include HR practices) have been advocated in the form of best practices by the scientific management community during the 1900s (Parks, 1995). Taylor and his followers mainly focused on finding best practices driven toward productivity, as productivity was the only expected performance outcome of that time (Cappelli & Newmark, 2001). Later, behavioural
scientists redirected the focus of this best practice trend towards finding the Industrial Relation (IR) practices that lead to increased job satisfaction and motivation, and eventually employee performance. The work of Herzberg (1966) and Hackman and Oldham (1980) are examples of the above trend. From the 1960’s, research (Kling, 1995; Parks, 1995) became directed towards finding the best HR practices for improving employee motivation and performance. In early 1980’s the strategic human resource management concept (SHRM) became popular. This perspective linked HR strategies to business strategy, identified HR practices as the major tool for gaining competitive advantage (Schuler & Jackson, 1987; Schuler & MacMillan, 1984). Since then a number of HR practices and strategies have been suggested as predicting causal relationships between individual HR practices and performance or outcomes and outcomes have been defined from different angles in different studies (Huselid & Becker, 1996).

Since 1986, a comprehensive list of HR best practices was tested in US context by Delaney, Lewin and Ichniowski. Their research findings were published in 1989. However, the term ‘HPWS’ was not widely used at that time (Delaney, Lewin, & Ichniowski, 1989; Huselid, 1995). Later, Ichniowski linked HRM practices to the performance of US manufacturing industries (Ichniowski & Shaw, 1999). In 1990, the Bipartisan Commission on the Skills of the American Workforce led by two former Secretaries of the U.S. Department of Labor coined the term ‘High Performance Work Organisation’ in ‘America's Choice: High Skills or Low Wages!’. Then later, the term ‘High Performance Work Practices (HPWP)’ was first used in a study published by the U.S. Department of Labor in 1993 and it has been used ever since (Huselid & Becker, 1995; U.S. Department of Labor, 1993).
A comprehensive list of HPWP was originally developed in the USA context. The USA culturally falls into the high end of the Anglo cluster- a culture commonly characterised by high levels of individualism and masculinity among other dimensions (Boxall & Macky, 2009; Hampden-Turner & Trompenaars, 2002; Trompenaars, 1997). Countries representative of the Anglo culture economically falls into the high-end developed country category; usually with high levels of diplomatic and military power in world politics. Therefore, it is logical that as the composition of HPWS was developed in the USA there is very little chance of it being appropriate for a country at the opposite end of the spectrum (Boxall & Macky, 2009), which is where Bangladesh is situated. As Parks (1995) pointed out, the definition of a high performance workplace varies between writers, academic disciplines, companies, production plants and countries. However, the definition of a HPWS developed in the USA has subsequently been modified for application in other studies although these have still been conducted mostly within Anglo cluster countries or western developed economies. The original list was further extended and customised for use in specific strategic contexts (like the service industry) in different studies over the years. Boxall and Macky (2009: 9) pointed out the importance of considering the diverse range of strategic focus and associated work practices within the service industry and units, contending that “between the extremes of mass and professional services, there are industries and market segments in which firms compete through quality as well as costs, and potential exists for more empowering forms of management that enhance customer satisfaction and retention”.

Consequently, due to the dearth of available studies in similar non-western context, the existing HPWS bundle is inappropriate for studies set within the context of the Bangladeshi banking sector. Thus understanding the HR context for the purpose of this study is
important in determining the appropriate HPWS composition. The finding from interviews and focus group discussions with industry experts in the chosen case study banks will help define the context as well as help customise the construct of HPWS for the purpose of this study.

3.2 Challenges in Defining High Performance Work Systems

The problem of defining HR systems adequately (including defining HPWS) has been widely recognized by researchers (Lawler et al., 2010). Lepak, Liao, Chung, and Harden (2006) described HPWS as a set of HR practices that enhance workforce abilities, employee motivation and involvement. They view these practices as complementary features leading to performance or goal achievement.

Lepak, Liao, Chung, and Harden (2006) identified extensive recruitment and selection activities, training and development programs, motivation-based HR programs to improve involvement (like performance based payment, financial incentives, career planning activities and programs, and empowerment) and team work as the essential high performance work practices (HPWP). While the specific lists of HR practices may vary, most of the existing literature and research evidence supports a positive link between HPWS and performance outcomes (Bartram, Stanton, Leggat, Casimir, & Fraser, 2007; Harley et al., 2007; Huselid & Becker, 1995; U.S. Department of Labor, 1993; Liao et al., 2009; Nishii et al., 2008).

In contrast, other researchers have tried to prove that while high performance work practices tend to lead to positive outcomes, they are not always cost-effective for practical implementation (Appelbaum et al., 2001). A less significant number of such studies
actually found a negligible co-relation between HPWS and performance or at list a non-conclusive one (Kuvaas, 2008). Therefore, one important point to be noted in any definition of HPWS in recent articles is that these HR systems must be performance orientated and strategy driven (Boxall & Macky, 2009).

Wei and Lau (2010) viewed HPWS as a systematic and integrated approach of managing human resources toward the alignment of HR functions and the achievement of firm strategy. Similarly, this study does not presume that all American-style HR practices will lead to universal improvements to performance, irrespective of an organisation’s strategic context. This suggests that investigating what constitutes HPWS in the context of the Bangladeshi Banking sector is important and that understanding the context is of prime importance.

A recent HPWS study in the U.S. banking industry shows a service driven list of High Performance Work Practices (Liao et al., 2009) which proposes the implementation of HPWS to improve service quality. The same authors defined HPWS as a system of HR practices designed to enhance employee competencies, motivation, and performance in providing high-quality service to external customers. Based on the framework proposed by Pfeffer (1998) and Zacharatos et al. (2005), Liao, Toya, Lepak and Hong (2009: 372) stated, “HPWS includes practices of extensive service training, information sharing, self-management service teams and participation, compensation contingent on service quality, job design for quality work, service-quality– based performance appraisal, internal service, service discretion, selective hiring, employment security, and reduced status differentiation”. The implication here is that these practices are best suited to promoting service quality.
There is a fundamental disagreement with the popular assumption that service quality is the only important strategic orientation of the service industry (Boxall & Purcell, 2003). Boxall and Macky (2009) determined that the relevant HRM practices in the service sector vary widely because service industries (and the competitive segments within them), cover a diverse range of business models and involve a different set of strategies and expected outcomes that may warrant different sets of HR practices. Some authors have also suggested that different set of HR practices which target different positive attitudinal outcomes can actually offset each other’s effects (Boxall et al., 2011). For example, empowering work practices may lead to compliance, however some customer oriented work practices can be perceived to minimise levels of empowerment. They found out that customer-oriented behaviour is not mediated by empowerment and is not positively associated with performance ratings whereas compliance is. It was also indicated that more tenured workers report less customer oriented behaviour, but enjoy higher performance ratings (Boxall et al., 2011). Despite this, it remains a fact that customer orientation is considered to be an important expected outcome in service industries such as the banking sector (Lawler et al., 2010). A study conducted by Liao, et al. (2009) made an argument for selecting higher service quality as the ultimate way of ensuring customer satisfaction and organisational sustainability in the service industry (e.g., banking sector). Therefore, their selected practices are driven towards that specific strategic outcome (customer satisfaction). However, there could be other important considerations depending on the strategic priorities of the participating organisation(s). For example Delery and Doty (1996) used return on assets as the primary performance indicator (dependent variable) in a similar HPWS study in banking sector, while other authors have used compliance as the expected outcome (Boxall et al., 2011). Findings of these studies suggest that compliance is
positively associated with rated performance rather than with customer-oriented behaviour. Therefore, focusing on customer-oriented behaviour as the sole indicator of employee performance seems presumptuous at this point.

The above discussion leads to the issue of appropriately defining the composition of HPWS for the current study, based on the strategic orientation of the case study banks. Lepak et al. (2006) defined HPWS as a set of contextual HR practices that are perceived as best practices by the HR practitioners in the industry, leading towards the goal of performance enhancement by ensuring workforce abilities, motivation and empowerment. The above definition implies that studying the perceptions of HR practitioners in a specific industry context can help select the appropriate HPWS composition for that particular industry context. This study has been designed in accordance to the above suggestion, with managers at any level, or functional division acting as an HR agent having been treated as HR practitioners for the purpose of this study.

3.3 The Growing Interest in High Performance Work Systems

The transition from personnel management and industrial relations (IR) to human resource management and then eventually to strategic human resource management has been driven by a number of micro and macro level factors since the inception of factory systems in the late 1800s. From early 1900 to the mid 1900s it was mostly economic oppression and gross violation of basic human rights in the workplace that lead to explicit demonstrations of conflict, performance deterioration and subsequent adjustment in Industrial Relations (IR) at policy level (Waring, 1994; Wren, 2004). Therefore, all traditional HR policies were reactionary rather than proactive and they were meant to protect the very basic rights of the
workers (Guest, 1987; Kaufman & Taras, 2000). However, as the economy in western nations improved (along with education, skill levels and the expectations of the employees in workplace), organisations started to compete to get the best skilled workers from the market, and to retain them. Therefore, HRM turned into an important strategic tool for gaining competitive advantage (Guest, 1987; Kaufman & Taras, 2000). This competitive advantage is created through employee performance, which is translated into organisational performance (Guest, 1999; Guest, 1997). The concept of HPWS emerged as a product of the paradigm shift towards strategic human resource management (SHRM). The growing interest in this area is a reflection of the core purpose of most business organisation - creating greater value through better performance (Delery, 1998; Delery & Doty, 1996). The HPWS concept supports the move of HR from focusing on employees to focusing on business orientation (Kaufman, Beaumont, & Helfgott, 2003).

During the transition of HRM to SHRM, HR practices gradually became more driven toward corporate strategy and performance rather than simply improving welfare and satisfaction. The sharp shift in direction has been visible since the late 1980s when Beer et al. (1985: 16) proposed a ‘broad causal mapping of the determinants and consequences of HRM policies’. Since then academics and HR experts have been trying to establish a concrete link between best practices in HR and firm performance (Guest, 1987; Guest, 1997; Huselid, 1995; Huselid & Becker, 1995). Based on the researches done in this area, an HR causal chain has gradually been formed since early 2000. This chain shows the links between HPWS and organisational outcomes (Wright & Nishii, 2004) through the mediation of attitudinal and HR outcomes. The HR causal chain suggested by Wright and Nishii (2004) and revised by Purcell and Kinnie (2007) is outlined in Figure 3.1:
This causal chain shows that strategy driven intended HR practices should be reflected in actual HR practices, though on many occasions they may vary widely (Boxall et al., 2011). Even if the variations between intended and actual practices are within tolerable limits, the way they are perceived by employees may be completely different. Perception is translated to attitudinal and behavioural outcomes at employee level which logically leads to performance outcomes both at employee (individual and group) and organisational level (Boxall & Purcell, 2003). Bowen and Ostroff (2004: 203) offered an understanding of the strength of HRM systems in explaining how ‘individual employee attributes accumulate to affect organisational effectiveness’. Moreover, some authors have also contended that employee perceptions can be influenced by numerous internal or external factors which may or may not be controllable (Boxall & Macky, 2009).

Chapter four will further explain how employee level performance outcomes are considered to be an important indicator and determinant of organisational outcome (Boxall & Purcell, 2003). The above model is especially applicable to the service industry context, as most of the marketing literature clearly indicates (Korczynski, 2002). Therefore, it can be reasonably predicted that in the current case study context employee performance contributes considerably to organisational performance. It should also be noted that firm level performance has not been directly examined in this thesis.
3.4 Summary

HPWS has been defined as an outcome driven bundle of HR practices in most of the SHRM literatures. The concept has evolved from the development of an ‘HR systems’ construct through to the linking of those systems to individual and firm level performance, through mediation of a number of attitudinal and behavioural outcomes of employees (the HR black box) (Boxall, et al., 2011). However, most of the existing literature examining the HR black box evolved from studies set within western contexts.

A vast majority of the HPWS literature has tested a simple causal chain in western firms or MNEs in non-western countries. These studies have predominantly overlooked the complex interactions between multiple attitudinal and behavioural outcomes leading to employee performance in non-western contexts. Therefore the challenge of defining a HPWS and of analysing the HRM black box in unfamiliar non-western contexts remains unsettled. Chapter four will discuss the HPWS theoretical framework, HPWS-employee performance causal links, and the process of hypotheses development based on HPWS literature. A hypothesised mediation model to be tested in the quantitative phase of the study is also outlined.
Chapter Four

Model Specification and Hypotheses Development

4.0 Introduction

The HR causal chain linking HPWS to different levels of performance is the foundation of the proposed HPWS model for this thesis. This chapter discusses the theoretical and conceptual development of the HPWS framework used in this study. It also explores the mediating effects of employee trust (ET), affective commitment (AC) and psychological empowerment (PE) in linking perceived HPWS to individual performance outcomes. The hypothesis of the thesis is presented based on the literature gaps that exist in HPWS studies. This chapter also concludes the literature review by proposing a mediation model for the case study banks. The proposed mediation model of HPWS is to be explored, adjusted and tested through the qualitative and quantitative phase of this study.

4.1 Theoretical Perspectives of HRM

HRM as a field of study has long suffered from the lack of a strong theoretical framework, with some researchers attempting to provide solutions to that problem (Delery & Doty, 1996). Most of theories about HRM and performance can broadly be branded into three different categories, which were labelled by Guest (1997) as the strategic, descriptive and normative theories of HRM. The strategic theories are essentially based on the contingency approach. The external and internal context plays an important role in deciding the appropriate HR practices (Guest, 1999; Guest, 1997). The descriptive theories focus on the
conceptual map linking HR content to HR outcomes. The basic assumption here draws on a systems approach. According to Guest (1997), systems theory accurately captures an element of reality (by descriptive mapping of inputs and outcomes) but fails to prescribe specific HR practices. Therefore, there is no focus on the testing of the relationship between HRM and performance in descriptive theories.

Normative theories tend to provide prescriptive HR best practices, which includes the HPWP (high performance work practices) stream of work. This stream is useful in prescribing specific HR practices - based on the assumption that a sufficient body of knowledge exists to provide a basis for best practices, or that a set of values indicate best practice. These two assumptions (ideal and actual practices) can be blended in creating the list of best practices (McGregor, 1960; McGregor & Cutcher-Gershenfeld, 2006; Walton, 1985). However, this point of view is broadly criticised due to its lack of a strong theoretical framework for supporting selection of best practices and for its lack of strong empirical evidence (Guest, 1997). In recent years a number of empirical studies have been conducted in different western contexts to minimise this research gap. However a dearth of quality research still persists in developing country context (Brewster, 2006).

To explore the modes of theorizing SHRM, Delery and Doty (1996) suggested three valid perspectives (universalistic, contingency and configurational perspectives) that can be used to link HR practices to organisational performance. However, the lack of enough empirical evidence proving validity of contingency perspective as opposed to the best practices concepts will continue to persists unless western lists of best practices are tested and compared in different country contexts (Brewster, 2006). Therefore, there is still scope for
further research to come up with different lists of best practices for different contexts with clear theoretical justification and practical link to performance (Brewster, 2006).

The most commonly used theoretical framework for linking HR practices to performance is organisational behaviour or motivation theories (e.g., expectancy theory), which generally suggest that work motivation leads to performance (Parks, 1995; Wright & McMahan, 1992). The resource based view (Boselie & Paauwe, 2009) is also popular in HRM studies, whereas an institutional approach is more dominant in cross cultural studies or IHRM research (Cullen, Parboteeah, & Hoegl, 2004; Lawler et al., 2010). The causal chain presented in chapter three provides the basic conceptual frame of this study, which has been simplified for the purpose of this thesis (Figure 4.1). The simplified model draws from both role behaviour and new-institutionalism perspectives, along with contingency approach. These perspectives and their relationship to contingency approach are discussed below.

### 4.1.1 The Behavioural Perspective

The theoretical perspective, which forms the basis of the HR causal chain as it appears today, is the behavioural perspective (Jackson & Schuler, 1992; Jackson, Schuler, & Rivero, 1989; Schuler & Jackson, 1987). Behavioural perspective is categorised as a strategic theory, mainly because this perspective has its roots in contingency theory (Fisher, 1989; Wright & McMahan, 1992). Contingency theory implies that the relationship between specific employment practices and organisational performance is contingent on an organisation’s strategy (Delery & Doty, 1996). The behavioural perspective contends that successful implementation of strategies relies considerably on employee behaviour (Jackson et al., 1989), and that the use of HR practices in an organisation can reward and
control employee behaviour. Therefore, organisations should operationalize HR practices that encourage employee behaviours that align with organisational strategy. This alignment of strategy and HR practices leads to superior organisational performance (Delery & Doty, 1996).

The role behaviour perspective was originally suggested by Katz and Kahn (1978), and was used by others in the context of SHRM from 1980s onwards. According to Wright and McMahan (1992), this theory introduces employee behaviour as a mediator between strategy and firm performance. This theory also suggests that different HR practices are aimed at creating and enforcing desirable employee attitudes and behaviours that will be most effective for the company (according to their unique strategic requirements). Thus this theory suggests that different sets of HR practices (best practices) are applicable in different strategic human resource management (SHRM) contexts.

4.1.2 The Institutional Perspective

According to Lawler et al. (2010), institutional theory is employed as a theoretical framework for studying the international transfer of management practices by many researchers in the area of IHRM. Stahl and Bjorkman (2006) defined the field of IHRM broadly so as to cover all issues related to management of people in an international context. Their definition of IHRM covers a wide range of human resource issues facing MNEs in different parts of the world, including comparative analysis of HRM in different countries. Therefore, use of institutionalism does not have to be restricted to the studies of MNEs. The institutionalized belief has been used by Lawler et al. (2010) to explain how USA based HR best practices have become the “taken for granted” system –given the USA
is the “society in dominance”. This argument for accepting the USA as dominant society may be valid for a case study of American based multinational enterprises, but it does not seem logical for South Asian developing countries with sharp contextual contrast. The ‘new institutionalism’ perspective is therefore more useful in supporting assumptions that context plays a major role in the development of “taken for granted” notions of appropriate organisational structure and process (Scott, 2008).

Scott (1995; 2005; 2008) identified three ingredients underlying institutional order: regulative, normative, and culture-cognitive elements. Regulative elements include rule setting, monitoring, and sanctioning activities, whereas normative elements include prescriptive, evaluative, and obligatory dimensions of social life. The cultural-cognitive elements are defined as the “shared conceptions that constitute the nature of social reality and the frames through which meaning is made” (Scott, 2008: 57). Therefore, work practices can be developed and complied in organisations due to expedience, moral obligation, or cultural norms (meaning one cannot conceive any other way of acting).

The same author suggested that organisations are comprised of many institutional elements, with some forged in on-going interactions and others extracted from the environment. Rules, norms and meanings arise from interaction and are preserved and modified by the behaviour of social actors. Scott (2008) explains how institutional scholars came up with a wide range of useful causal mechanisms and empirical indicators; the causal chain of HR tells the same story. The HR causal chain shows the links between HPWS and organisational outcomes through mediation of employees’ attitudinal and behavioural outcomes (Wright & Nishii, 2007). In congruence to the beliefs of ‘Institutionalism’, the proposed framework of this thesis (Figure 4.1) introduces internal and external
environmental factors as integral parts of the HR causal chain. Cultural cognitive elements are in-built features of contextual studies according to the ‘Institutionalism’ perspective.

Within the scope of new-institutional perspective, a group of theorists came up with ‘societal-effect’ approach that is more relevant to this thesis. Chowdhury and Mahmood (2011) used the S-E approach which contends that societal institutions (such as national education and training systems, regulatory frameworks and industrial relation (IR) systems), influence the development of HRM practices in host countries. Such societal institutions include both formal rules (such as laws and regulations) and informal constraints (such as customs, norms and culture) (Peng, 2003; Peng, Wang & Jiang 2008). Societal institutions, as Mueller (1994) observed, makes the distinction between organisational processes (such as training, people at work, IR and remuneration) and the very environment in which they are embedded (Mueller, 1994).

Chowdhury and Mahmood (2011) used the S-E approach to explore the presence of different degrees of influence (partly attributable to societal effect) on the human resource practices of four European multinational subsidiaries in Bangladesh. This thesis is exploring HRM in local private commercial banks in Bangladesh, and not within any foreign subsidiaries. Therefore societal effect is more likely to be largely attributable (more so than in the case of MNEs) to the selection and mechanisation of HR practices.

The above discussion of contingency, behavioural and institutional perspectives leads to the development of a conceptual framework for this study that is presented in Figure 4.2. The performance outcome in this model is measured by the supervisor ratings of employee performance. It is important to note that the behavioural outcomes of the employees are
assumed to be reflected in the supervisor rating of individual employee performance. Firm performance outcomes usually depend on employee behavioural outcomes, especially in the service industry where employee behaviour is visibly translated to firm level performance (Korczynski, 2002). Later segments of the chapter further elaborate on the visibility of the direct link between individual employee outcomes and firm level performance outcomes in the service industry context. Figure 4.1 is a simple, abstract representation of the theoretical perspectives discussed above. Figure 4.2 is a more detailed representation of the conceptual framework that has been used as the foundation of the hypothesised mediation model tested in quantitative phase.

Figure 4.1: Conceptual Framework of HPWS-Performance Outcome Link

![Conceptual Framework of HPWS-Performance Outcome Link](image)

INTERNAL AND EXTERNAL CONTEXT

4.2 Model Specification

The theoretical framework of this thesis has been adapted from the HPWS paradigm conceptualised from earliest inception to the latest research findings on the HR causal chain. In order to explore the relationship between the HPWS and individual level performance outcomes in the banking industry in Bangladesh, a simplistic version of the HR causal chain (presented in Figure 3.1) has been used as a conceptual map for conducting this research, analysing the data, and reaching conclusions. This simplistic
model (Figure 4.1) includes perceived HPWS (as independent variable), selected attitudinal outcomes (as mediators) and employee level performance outcomes (as dependent variables). The detailed framework is presented in Figure 4.2 followed by a discussion of the theoretical justification for proposing the framework. The following sections will also discuss the major constructs and measures of the variables used in the model.
Figure 4.2: HPWS Framework of the Thesis

**Perceived HPWS**

Employees’ perceptions about the following HR and Management practices:
- Selective hiring
- Performance management
- Extensive training
- Compensation
- Self-managed team
- Management/leadership style of the immediate manager
- Reduced Status distinctions
- Job quality
- Job security
- Information sharing

Adapted from Pfeffer (1998), Zacharatos, Barling, and Iverson (2005), and Liao, Toya, Lepak and Hong (2009).

**ATTITUDINAL OUTCOMES**

**Employee Trust (ET):**
- Integrity
- Competence
- Consistency
- Loyalty

Adapted from Schindler & Thomas (1993)

**Psychological Empowerment (PE):**
- Meaning
- Competence
- Self Determination
- Impact

Adapted from Spreitzer (1995)

**Affective Commitment**

Employees’ identification with the organisation
Employees’ involvement to the organisation

Adapted from Boxall, Ang, and Bartram (2011) scale of AC based on Mayer & Allen (1997).

**Supervisor Rating of Individual Employee Performance**

Includes all criteria of behavioural and individual performance outcomes expected in the particular strategic context of the firm and included in performance evaluation form.

Internal and External Context
**Internal and External Context**

One of the assumptions of this study is that the appropriate composition of HPWS (and its link to different outcomes) is influenced by both the internal and external context (Jackson & Schuler, 1992). Jackson and Schuler (1992) raised the issue of whether to treat HR practices as independent variables or as variables dependent on numerous contextual factors. Although most of the recent literature in the HPWS field of study identifies contextual differences to be a critical factor (Bowen & Ostroff, 2004; Brewster, 2006; Nishii et al., 2008), it is almost impossible to make a quantitative deduction of the relationship using context as independent variable. Regardless, consistently mounting acknowledgement of contextual influence on effective employee management (Arthur, 1992; Bartram, 2011; Delaney & Huselid, 1996; Dyer & Reeves, 1995; Huselid et al., 1997; Jackson et al., 1989; MacDuffie, 1995) leads to the following arguments for including contextual factors in the hypothesised model.

First of all, it has been suggested in contingency theory and by numerous SHRM researchers that there is no ‘one best way’ in management, and that context plays an important role in defining management systems that lead to organisational success. This implies that an organisation must evolve its management systems to match environmental dynamism (Jackson et al., 1989: 782) and that these are dependent on the situation that an organisation operates in. Despite the widely recognised importance of studying effects of environmental dynamism on management practices, there is a gap in the literature when it comes to exploring unfamiliar contexts. Hirsch (1975) showed concern about the lack of organisational studies that have tried to specify components of the institutional environment (external environment) and their interaction with this class of organisations. Hirsch (1975)
suggested that the largely unexplored complex web of institutional processes might influence organisational success. Even 35 years after Hirsch’s statement, organisations have failed to adequately capture the nature of the institutional environment or adequately describe its influence on different management systems and performance, especially in a non-western context. Secondly, Bartram (2011) through a substantive literature review argued that different employee management systems consist of different strategies such as compliance, control and commitment. These are likely to be relevant in different historical contexts. The same author also acknowledged that studies have rarely sought to identify and determine their existence in a given context.

Jackson et al. (1989) is a rare study investigating the relationship between the characteristics of organisational context and employee management practices from a behavioural psychology perspective. This perspective views employee management practices as being employed to elicit and reinforce appropriate behaviour that is dictated by organisational characteristics (the internal context). The results indicate that firms using HRM in non-unionised environments will favour organisational culture, employee participation, strategic integration of human resource functions and individual contracts to control the workforce and minimise trade unionism. Moreover, these firms will operate in technologically advanced markets, employ knowledge based workers, and be larger firms (Jackson et.al., 1989). Similar propositions regarding the nature of the firm (internal context) and its potential HR practices were presented in the same article. Those propositions describe the significance of exploring the internal context of the organisation to select appropriate HPWS composition for a specific organisation (Jackson et.al., 1989).
Based on the above literature, it is proposed here (Figure 4.2) that the perceived HPWS, attitudinal and behavioural outcomes (performance) and the intensity and magnitude of their relationships are influenced by contextual factors. Therefore the whole framework works within a particular contextual setting, and any change in context will consequently change the dynamics of the content and the relationship between variables. Hence, the impact of context has been studied and analysed using the qualitative tools of data collection and analysis, as well as secondary sources and evidence from the HPWS literature. The impact of context has further been tested by the multi-group moderation analysis in the quantitative phase of the study across the two case study sites. Based on the above discussion, it is argued in this thesis that the external and internal context of the firm influences HPWS composition and its connecting path to the supervisor rating of individual employee performance.

**Perceived HPWS**

The operational definition of HPWS in this thesis highlights the fact that HPWS measures are non-comprehensive and highly contextual (Boxall & Macky, 2009). Bowen and Ostroff (2004) proposed climate as a mediating factor between HRM-firm performance relationship as complementary to the earlier propositions of other authors about technical subsystem or social context theory (Ferris et al., 1998; Katz & Kahn, 1978). Bowen and Ostroff (2004) defined climate as a combination of both psychological (individual level perceptions of existing systems) and organisational (shared perception) climate. They also predicted that individual-level psychological climates may emerge as a shared organisational climate which in turn ultimately relates to organisational performance and organisational climate is
related to higher-level behaviours and organisational performance indicators (Bowen & Ostroff, 2004).

The HR causal chain (Figure 3.1) distinguishes the concepts of intended, actual and perceived HR practices. The use of the term ‘perceived HPWS’ needs to be further explained at this point. The employee perception of performance driven HR systems (within the respective organisation’s strategic context) constitutes the ‘perceived HPWS’ construct for the purpose of this thesis. Since each organisation’s strategic context is unique, the perception of employees within the case study sites needs to be explored before proposing an appropriate composition of HPWS for this study. The specific measures of the independent variable ‘perceived HPWS’ in this thesis emerge from the shared perception of the HPWS in the case study organisations (explored in the qualitative phase of the study), with due consideration to HR strength/climate. The consideration of HR climate/strength is an in-built construction of the theoretical frame presented as Figure 4.1. In fact, ‘perceived HPWS’ is the shared perception of “what the organisation is like in terms of HR practices, policies, procedures, routines, and rewards” and they will lead to “what is important and what behaviours are expected and rewarded,” just the way organisational climate is defined by Bowen and Ostroff (2004: 205). Subsequently, the construct of ‘perceived HPWS’ has been tested in the quantitative stage through confirmatory factor analysis (CFA) based on survey results.

Based on the above discussion, it is evident that studying the HR/Climate strength of the case study organisations is vital for understanding the perceived HPWS composition. Only a handful of research studies (with questionable validity) shed some light on the possible contents of a HPWS in the Bangladeshi context (as discussed in Chapter Two). So far those
studies have introduced reward, work force diversity, work environment and training and development as factors influencing the employee performance. Some studies have also emphasised the importance of goal oriented and employee supported performance management systems in building morale, job satisfaction, commitment and performance among the employees in private organisations in Bangladesh (Chowdhury, 2011). Considering the scope of this study (the service industry context) and the limitations of the HRM studies conducted in Bangladesh (Table: 2.1), ‘reward’, ‘performance management’ and ‘training and development’ can be extracted as most popular contents of HPWS in the Bangladeshi banking sector. However, any such assertion requires further contextual understanding and explanations of why there is an association between HR practices and employee performance (Guest, 2011). In the absence of adequate research exploring the Bangladeshi banking sector (or similar contexts), an exploratory qualitative study has been designed to facilitate the understanding of the relevant constructs of this study, especially the ‘perceived HPWS’ construct.

**Performance Outcomes**

Researchers of SHRM have long struggled with defining outcome measures and selecting the most important outcomes for validating HPWS (Truss & Gratton, 1994). The problem is mainly two-fold according to Truss and Gratton (1994): time permitted for HR results to be visible as outcome, and selecting the most important outcome to study with appropriate measures. Assigning appropriate weightings to the expected outcomes is difficult and remains a major limitation in linking HPWS to individual or organisational level performance outcomes.
The HR causal chain (Figure-3.1) has taken into account all possible major outcomes in a consequential chain of causes and outcomes. However, for practical purposes it is still difficult to apply on the whole due to the various cross-level cause and effect relationships (Takeuchi, Chen, & Lepak, 2009). Moreover, contradictory outcomes resulting from the same sets of HR practices may offset the overall effectiveness (Boxall et al., 2011; Truss & Gratton, 1994). The above issues make the HPWS-performance link much more complex in reality than what the HR causal chain (as presented in Figure 3.1) projects.

Organisational performance (measured as economic or financial performance) is the most examined dependent variable within early HPWS literatures (Cappelli & Neumark, 2001; Godard, 2004). However, firm level performance as the dependent variable in HPWS has been marked as more troublesome to pin down because of its ‘omnibus nature’ (Boxall & Macky, 2009; Boxall and Purcell, 2008; Edwards and Wright, 2001; Paauwe, 2004). Many authors argued that measures of cost-effectiveness or financial performance fail to consider diverse business units, production systems and occupational groups in organisations (Purcell, 1999). Also, financial measures fail to examine specific work outcomes that are materially influenced by different groups of employees (Boxall & Macky, 2009). Therefore, this thesis focuses on the attitudinal outcomes (Psychological empowerment, employee trust and affective commitment) and behavioural outcomes (supervisor rating of individual employee performance), which Boxall and Macky (2009) termed a ‘much less distal approach’ to linking HR systems to performance.

Contingency theory implies that the firm’s strategy is one of the contingent factors determining expected goal oriented behaviour and appropriate HR practices for the firm (Delery & Doty, 1996). It is assumed at this point that banks evaluate employee with
appropriate weights assigned to performance evaluation criterion (expected behavioural outcomes) based on the strategic priorities of the respective bank. Some of the recent studies have shown that attitudinal and behavioural compliance are positively associated with rated performance of the employees (Boxall et. al., 2011). The qualitative stage of this study will explore the above aspects to gain a better insight of the individual level performance outcomes measured by the performance appraisal system of each case study bank.

The HR causal chain seems to adequately include attitudinal and behavioural outcomes that ultimately predict the organisational performance. However, the intricacy of the HR causal chain is yet to be explored by considering multiple and complex causal paths linking HPWS and performance. For example, employee-trust (ET), psychological empowerment (PE) and affective commitment (AC) are all considered to be attitudinal outcomes in behavioural science. While these attitudinal outcomes mediate the link between HPWS and performance outcomes, they may also have an effect on each other. This aspect has not been clearly outlined in the HR causal chain. A number of recent studies have proposed PE as a mediator of HPWS-affective commitment link (Boxall et al., 2011; Boxall & Macky, 2007; McDermott et al., 1996; Laschinger et. al., 2001) or the HPWS-ET link (Casimir et. al., 2006). Likewise, affective commitment has been identified as a mediator between PE and employee performance (Meyer & Allen, 1993). A number of studies have focused on the interconnection between two of these attitudinal factors or the meditational role of one of the attitudinal outcomes in isolation. However, none of the studies so far has attempted to test the effects in a simultaneous analysis of multiple meditational paths. Therefore, a significant research gap exists in considering the complex inter-actions among the attitudinal outcomes while they mediate the HPWS-employee performance link.
Figure 4.2 delineates the relationships between High Performance Work Practices and consequential outcomes to be tested in this thesis. In the service industry context, employee trust (ET), psychological empowerment (PE) and affective commitment (AC) are amongst the popular selections of mediators of the HPWS/performance link, in contemporary HPWS literature (Boxall, et al., 2011; Carmeli & Spreitzer, 2009; Casimir, Waldman, Bartram, & Yang, 2006; Laschinger & Finegan, 2005; Laschinger, Finegan, Shamian, & Casier, 2000; Takeuchi, Chen, & Lepak, 2009). For this thesis psychological empowerment, employees trust and affective commitment have been proposed as attitudinal outcomes that mediate the relationship between perceived HPWS and supervisor ratings of individual employee performance. The following sections justify selection of the aforementioned constructs.

**Attitudinal Outcomes**

A number of recent articles in HPWS paradigm have acknowledged the importance of going beyond the construction of HPWP list. They also emphasised identifying the process of implementing those practices and the mediating variables that are influenced by HPWS and that eventually lead to superior individual, team or organisational performance (Becker & Gerhart, 1996; Boxall & Macky, 2009). In the process of investigating the HPWS pathway to individual and organisational outcomes, a number of HPWS items are predicted to positively explain psychological empowerment (PE), employee trust (ET) and affective commitment (AC) (Allen & Meyer, 1990; Cook & Wall, 1980; Mishra & Morrissey, 1990; Spreitzer, 1995). For example, access to information, participatory decision making, performance based pay and transformational leadership are popularly selected factors leading to (or antecedent to) employee trust, psychological empowerment and affective commitment (Allen & Meyer, 1990; Mayer & Davis, 1999; Mishra & Morrissey, 1990;
Therefore, it is reasonable to propose that HPWS should positively predict PE, ET and AC, and a significant amount of literature has already suggested (and proven) this within the western contexts (Boxall et al., 2011; Boxall & Macky, 2007, 2009). There is literature that links HPWS to organisation level outcomes in multinational subsidiaries or local firms in non-western emerging economy contexts (Bae & Lawler, 2000; Lawler et al., 2010). However, none of the existing literature has tested the mediating effects of all three attitudinal outcomes in a non-western context to link perceived HPWS to employee performance.

In addition to the fact that studying non-western context is rare in HPWS research, some of the findings (even from similar western contexts) have shown contradictory results. For example, some studies conducted in western context, have failed to prove a significant mediating effect of commitment, more specifically a link between commitment and performance outcomes (that is, higher commitment does not necessarily lead to higher performance) (Boxall et al., 2011). Contradictory findings coming from fairly similar contexts re-emphasises the necessity of exploring a greater number of diverse contextual settings to enrich the knowledge of the HR black box (and the psychological path that links HPWS to individual employee performance). It is highly probable that the variables will operate and interact very differently in a complex non-western context like Bangladesh. The above facts inform the third question of this thesis, and all of the hypotheses to be tested in the quantitative phase of the study.
4.3 Development of Hypotheses

For the purpose of this thesis the constructs of psychological empowerment (PE), employee trust (ET) and affective commitment (AC) have been selected as the mediating variables in exploring the link between HPWS and performance. This is the first HPWS study in a uniquely non-western context that aims to explore the mediating effects of the above attitudinal outcomes with their probable complex inter-linkages. The following sections will explore the three constructs above and their hypothesised meditational roles in linking perceived HPWS to individual employee level performance.

**Psychological Empowerment (PE):**

Cappelli and Neumark (2001) traced the focus on individual level analysis of HPWS and performance linkages (through their intervening psychological factors) in 1966 (in Herzberg’s work). They observed that this framework of research through the 1970s and beyond, concentrated on two issues: “The first issue focused explicitly on employee involvement in decisions affecting their jobs. The second focused on the specific tasks that employees performed, with an important aspect typically being the extent to which they had control over how tasks were performed” (Cappelli & Neumark, 2001: 3-4). Both of the above issues are visibly traced in the construct of psychological empowerment (e.g., Self-determination and Impact). Psychological empowerment is defined by Spreitzer (1995:1444) as “a motivational construct manifested in four cognitions: meaning, competence, self-determination (autonomy), and impact” that reflect an active (rather than passive) orientation to a work role in which an individual wishes and feels able to shape his or her work role and context. Boxall et al. (2011) emphasized two central concepts of

The Peccei and Rosenthal’s (2001) construct of psychological empowerment is customised to capture the ‘Service Excellence’ (SE) outcomes in service sector. The current thesis also covers the service industry context and the three factor construct (Peccei & Rosenthal, 2001) seems particularly relevant to the service industry. However as explained in earlier sections of this chapter, the ‘employee performance’ variable of the proposed HPWS framework in this thesis inherently includes outcomes such as behavioral compliance, along with service excellence. Therefore a more extensive and comprehensive psychological empowerment scale originally developed by Spreitzer (1995) has been used for the purpose of this thesis.

In most of the HPWS literature, empowerment by participation in decision making and by exercising control (i.e., autonomy) have been the two major focuses of individual level studies (i.e., employee performance). Over the years, different authors have identified different HR practices as empowering work practices (Peccei & Rosenthal, 2001). Some of the examples include work practices such as provision of organisational information to employees (i.e., information sharing), reduction of bureaucratic controls, and increased task autonomy (i.e., self-managed team) (Bowen & Lawler, 1992; Wall & Martin, 1987). The
above practices are part of the proposed HPWS construct of this thesis, and should help create psychological empowerment through greater task involvement.

Moreover, Spreitzer (1995) identified access to information and rewards as two work context variables that are antecedents of PE. Again, these two variables are included in the proposed perceived HPWS construct. The same author has suggested that individual-performance based reward systems are important for empowerment, which indicates the importance of a reliable performance management system. If the performance management system is perceived to be flawed or biased, the reward system will potentially be perceived as unfair or inequitable. According to the equity theory (Adams, 1963), if individuals perceive themselves to be under-rewarded or over rewarded they will experience distress. The perception of under-rewarded employees is likely to translate into poor motivation or performance, and lack of commitment. Over-rewarded employees may try to improve their quality of work to match the higher reward to reduce their cognitive dissonance. However, if the skills and capabilities of those over-rewarded employees are poor, their effort may not result into performance according to expectancy theory. That is arguably the result expected in organisations that do not practice selective hiring (i.e., skill based selection). The training and development opportunities or lack thereof, may also contribute to the non-performance of under rewarded or over rewarded employee. The above logic supports the assumption that HR practices do not operate in isolation and a bundle of well-fitted HR practices together could help create the feeling of psychological empowerment and other desired outcomes in organisations.

A number of authors using the above framework of research have proposed a link between HPWS (HR systems) and psychological empowerment (Appelbaum, Bailey, Berg, &
Most empirical studies have proven a statistically significant relationship between different managerial/HR practices and psychological empowerment (Boxall et al., 2011; Messersmith, Patel, & Lepak, 2011). The above evidence leads to Hypothesis 1(a) of this thesis:

Hypothesis 1(a): Perceived HPWS positively predict psychological empowerment among the employees.

The link between management practices and individual performance improvement through the mediation of psychological empowerment goes way back to Henry Fayol’s classical model of management whereby two of Fayol’s fourteen principles (Fells, 2000) indicate the importance of empowering management practices in improving employee performance. One of those principles (authority and responsibility) implies that management should practice formal delegation by empowering employees with appropriate authority. Responsibility without appropriate authority will potentially result in non-performance due to lack of ownership of the responsibility on the part of the employee. The other principle of Fayol’s classical model (initiative) suggests that managers should allow and encourage their subordinates to take initiative (Fells, 2000). Fayol (1949) defined initiative as the power to formulate a plan and successfully implement it (in other words, empowerment). He also views initiative to be the greatest source of satisfaction to individuals and therefore great for business success. He advised managers to sacrifice personal vanity in order to grant subordinates satisfaction. The mediation effect of empowerment linking the HR systems and employee performance (such as service oriented behaviour) has been convincingly predicted and proven by a number of theoretical and empirical studies (Boxall
et al., 2011; Boxall & Macky, 2009; Peccei & Rosenthal, 2001). Therefore, hypothesis 1(b) has been developed to be tested in this thesis.

Hypothesis 1(b): Psychological empowerment fully mediates the relationship between perceived HPWS and individual performance.

The classical model also indicates that effective use of authority (empowerment) requires impartiality, firmness, intelligence and high moral character. In other words, competence of and trust in the subordinate is important for effective empowerment of employees. Trust is often viewed as a two-way road and is often reciprocated (Casimir, Waldman, Bartram, & Yang, 2006). Therefore, there is a possibility that managerial trust on employees will be reflected through the act of empowering them and will then be reciprocated by the subordinates – leading to the next attitudinal outcome of the hypothesised mediation model, employee trust.

**Employee Trust (ET):**

According to Cook and Wall (1980: 39), trust refers to the extent to which one is willing to ascribe good intentions to, and have confidence in, the words and actions of other people. Three main approaches were distinguished from empirical investigations of trust by Cook and Wall (1980: 39-40). The third approach prescribed by Cook and Wall (1980) has been used for the purpose of this thesis. This measurement of trust is a directly experienced evaluative or affective reaction of the employee, by means of a self-report scale.

Trust is often defined as the extent to which one believes in, and is willing to depend on, another party (Casimir et al., 2006; Mayer, Davis, & Schoorman, 1995; McKnight,
Cummings, & Chervany, 1998). In other words, trust is confidence in the good intentions of others and their competence, and the expectation that they will reciprocate honest efforts and co-operation (Casimir et al., 2006; Chen, Chen, & Meindl, 1998; Das & Geng, 1998; Ring & Van de Ven, 1994). Trust in the leader/follower relationship is acknowledged as an important issue in organisational behaviour (Casimir et al., 2006). Cook and Wall (1980) developed a scale of interpersonal trust at work recognizing two different dimensions: (i) faith in the trustworthy intentions of others, and (ii) confidence in the ability of others. They used these dimensions as viewpoints of the blue-collar employees referring to either (a) peers or (b) management. For the purpose of this thesis, the faith and confidence of the employees in their immediate manager has been used as the mediator between HPWS and employee performance.

The human relation theory (Likert, 1961) argues that supportive managerial style and informal contact between management and staff helps to reduce ‘them and us’ attitudes and should contribute to the high trust necessary for flexible behaviour (Pfeffer, 1998). This trust may in turn increase the upward communication in organisations, channelling the desires of the customers and ideas from the front line to the top; a trend that will result in improvement of service quality. In other words, supportive and approachable immediate managers may facilitate trust building. Consequently, higher employee trust should result in better behavioural outcomes, such as employee performance.

The increasing trend of creating self-managed work teams (which is perceived as part of HPWS) empowers employees to schedule their own works, evaluate their own performances and make recruitment and selection decisions for their work teams. This kind of empowerment is linked to interpersonal trust. Managers need to trust their employees in
order to empower them, and psychological empowerment of the individual will create and reinforce a sense of trust towards the managers (Casimir et al., 2006). If fair recruitment and selection, training and development, performance management systems, and self-managed teams are in place (are all parts of HPWS), then managers should be more inclined to trust the competency of individual workers and thus empower them. That should eventually induce or reinforce employee trust.

Paauwe and Richardson (1997) and Paauwe (2004) included trust as one of the HRM outcomes from the HRM activities or practices of the firm that leads to performance. Other researchers have proven a significant positive link between HPWS and trust (Appelbaum et al., 2001). Based on the considerable empirical evidences supporting this dominant theoretical conviction, hypothesis 2(a) has been developed.

Hypothesis 2(a): Perceived HPWS positively predicts trust among employees.

A study by Kouzes and Posner (1990) showed that the employees who perceive their managers to be highly credible (that is, trusted their managers) felt significantly more positive and attached to their work, which should easily translate into improved performance and which should then be reflected in individual performance ratings. Cook and Wall (1980) also indicated that the segment of their ‘Trust’ scale that measures ‘confidence in management’ had a significant role in reducing anxiety among the workers. That should naturally imply that trust in management should reduce anxiety and help improve individual performance. Jones, James and Bruni (1975) investigated the moderating effects of job involvement (PE) in linking perceived leadership behaviour (part of perceived HPWS measures in this thesis) to employee confidence in a leader (ET) and
found no significant moderation through job involvement. However their findings indicated that job involvement seems to affect relationships between leader behaviour, confidence and trust. The data further indicated that the study of effects of leadership behaviour must consider characteristics of the individual, such as involvement (James & Jones, 1974). They suggested that future research should investigate those aspects of leader behaviour which relate to confidence and trust for persons of different job involvement (Jones et al., 1975).

Casimir et. al., (2006: 68) suggested that “being trusted by one’s followers may create an obligation or responsibility on the part of the leader to enable or empower a follower to perform”. However, they also presumed that managerial trust in followers would be reciprocated by followers’ trust in managers. They associated an egalitarian and consultative style of management (in other words empowerment) to ‘high trust in follower’. Therefore it seems logical to suggest that being empowered by the manager and feeling psychologically empowered is a reflection or proof of managers’ confidence/trust in employees. By the same token, being empowered or trusted by the manager may create a reciprocal sense of trust amongst the follower for the manager. Therefore hypothesis 2(b) has been developed:

Hypothesis 2(b): Psychological empowerment partially mediates the relationship between perceived HPWS and employee trust.

Trust has been proposed and proven as a mediator between perceived HPWS and employee performance in the HPWS literature (Mishra & Morrissey, 1990), especially in the context of hospitals and other service industries (Laschinger & Finegan, 2005; Laschinger, Finegan,
Shamian, & Casier, 2000; Laschinger, Finegan, & Shamian, 2001). On the other hand, a number of empirical studies have also established positive relationships between structural empowerment and trust and respect in the service sector (Laschinger, 2004; Laschinger & Finegan, 2005). Some authors have argued that psychological empowerment is an individual response to structural empowerment (Laschinger et al., 2001). Faulkner and Laschinger (2008) argued that the structural and psychological empowerment leads to perceived respect (ET) among the nurses (which covers the service sector). Appelbaum et al. (2001) observed that workers who have a greater opportunity to participate (more empowerment) are more committed to their organisations, because they place greater trust in their managers and receive greater intrinsic rewards. This links measures of HPWS to effective empowerment to employee trust and eventually to improved employee performance. Therefore, hypotheses 2(c) and 2(d) have been proposed in this thesis.

Hypothesis 2 (c): Employee trust partially mediates the relationship between psychological empowerment and individual performance.

Hypothesis 2(d): Employee trust fully mediates the relationship between HPWS and individual performance.

Developing an appropriate measure of ET requires careful consideration of the context. Casimir et. al. (2006) contended that cultural contexts may impact on the level of trust on leader for reasons such as differences in implicit theories of leadership or culturally embedded acceptance of formal authority. The argument above is in congruence with the theoretical framework of this thesis, which shows that trust (along with all other variables) in the framework is context specific, and that the measures of the construct trust should
consider the contextual variations. Cook and Wall (1980) described a number of scales designed to measure trust in general, or in social groups and institutions. They acknowledged that only a few of those refer directly to the work context or organisational setting. Hrebiniak (1971) used a six-item work-related trust scale, while Jones (1975) used a scale measuring employee confidence and trust in the leader that was standardized to the American population. However, none of those articles actually disclosed the scale items in detail.

Based on a careful analysis of the above literature, the five-item scale of trust developed by Casimir et al. (2006) has been used in this thesis, for research within the context of the Bangladeshi Banking sector. These measures assess perceived ability or competence, credibility and integrity, and concern about the welfare and needs of followers (Casimir et al., 2006). Casimir, et al. (2006) developed this scale using Cook and Wall’s (1980) ‘Interpersonal Trust at Work’ scale which was also used by Podsakoff et al. (1990). The measure of ‘trust’ for this thesis has further been modified using Schindler and Thomas’s (1993) scale that includes competence, credibility, integrity, loyalty and openness. However, the openness items were not included in the above study, considering the eastern cultural context (which is very similar to Bangladeshi context as explored in Chapter two). The scale is open to further modification based on the qualitative findings, assuming that cultural context will significantly influence employee perception of trust in Bangladeshi banking sector (to be discussed in Chapter six).
Affective Commitment (AC)

Affective commitment may be defined as the strength of an individual’s identification with (and involvement in) the organisation (Boxall et al., 2011; Porter, Steers, Mowday, & Boulian, 1974). Meyer and Allen (1991) have argued that AC should be positively linked to individual level performance. The same authors (Meyer & Allen, 1996) also expected that AC should be positively linked to attendance and the taking up of extra roles in job. Meyer and Allen’s (1997) measure of affective commitment - as used in Boxall et al. (2011) - has been adapted for use in this study to assess the affective commitment among the employees. Cotton (1993) reviewed a substantial number of work organisation studies from psychological perspectives and identified commitment as one of the major employee attitudes which is essentially proven to be positively affected by systems within work organisations. Guest (1997) also identified commitment as one of the major HRM outcomes affected by HRM practices of the firm. The majority of studies have positively linked HPWS to affective commitment (Appelbaum et al., 2001; Appelbaum, Bailey, Berg, & Kalleberg, 2000; Guest, 1999).

In contrast, Cappelli and Neumark (2001) observed that the link between HPWS and turnover and absenteeism was modest, but reasonably strong. Meyer and Allen (1997) argued that reduced absenteeism is usually an outcome of AC. This thesis developed hypothesis 3(a) by linking perceived HPWS to affective commitment (not including turnover or absenteeism as measures) which is fairly supported by most theoretical constructs (Messersmith et al., 2011).
Hypothesis 3(a): Perceived HPWS positively predicts affective commitment among the employees.

A number of studies have proposed a framework linking HPWS to commitment through the mediation of empowerment (Boxall et al., 2011, Boxall & Macky, 2007). Guthrie’s (2001) survey of 164 New Zealand firm shows that firms with high-involvement work processes and related skills have better economic performance in conditions of low labour turnover (that is, employee commitment). In a tight labour market, such firms need to improve employee commitment in order to recover their investment in human capital. Guthrie (2001) argues that the decision to adopt high-involvement work practices by an organisation implies employment practices fostering high skill and commitment, with firms wishing to improve their productivity outcomes (Boxall & Macky, 2009). However, that is not the only path to high performance (Guthrie, 2001; Orlitzky & Frenkel, 2005). Other firms may choose an economically rational path, combining low involvement with low employee skills and commitment (Boxall & Macky, 2009; Guthrie’s, 2001). However, the fact remains that if organisations choose high involvement (empowerment) to ultimately improve employee performance, then the mediating attitudinal outcome they are looking at is higher levels of affective commitment. Therefore, the following hypothesis has been developed.

Hypothesis 3(b): Psychological empowerment partially mediates the relationship between perceived HPWS and affective commitment.

Numerous studies have established positive relationships between structural empowerment and organisational commitment (McDermott, Spence, & Shamian, 1996; Laschinger et. al.
2001) in the service sector. Moreover, structural empowerment often results into psychologically empowered and satisfied workforce (Laschinger et al., 2001; Faulkner & Laschinger, 2008). Structural empowerment (i.e., self-managed team and participative leadership style of immediate managers) is part of HPWS configuration in this thesis. Therefore, HPWS should lead to psychological empowerment that eventually improves commitment and employee performance. However, the issue of linking different set of management practices to different types of commitment (such as continuance, normative and affective) leading to different set of outcomes, remains debatable (Meyer & Allen, 1991; Meyer, Allen, & Gellatly, 1990; Meyer, Allen, & Smith, 1993).

Meyer and Allen (1993) argued that AC and normative commitment should positively predict performance, whereas continuance commitment may have no significant effect on performance or even a negative effect. They also added that AC would be a better predictor of performance than normative commitment. However, they acknowledged the merits for sometimes separating AC from other constructs of commitment is sometimes difficult, although they have statistically proven the construct validity of the three types of commitment above. This difficulty of psychological disassociation between AC and normative commitment may be visible among the respondents in case study banks. Contextual differences may also cause a large discrepancy in the understanding of the AC construct and relationships between commitment and outcomes. For example, Appelbaum et al. (2001) positively link the opportunity-to-participate scale (empowerment) to organisational commitment in the steel and medical industries, but not in the apparel industry. Therefore, it is reasonable to predict that the role and importance of commitment is highly contingent to context.
Many research findings have shown a significant relationship between HR systems and commitment (Appelbaum, et al., 2001; Appelbaum, et al., 2000; Guest, 1999). However, the mediating effects of affective commitment on employee voluntary turnover between HPWS and employee performance has not been proven in empirical studies in recent years, contradicting initial propositions of respective researchers (Boxall et al., 2011; Messersmith & Guthrie, 2010). It seems logical to contend that the mediating effects of affective commitment between perceived HPWS and employee performance is yet to be proven beyond reasonable doubt. Despite this uncertainty, a considerable number of studies have proposed that AC could have a significant mediating effect in linking HR systems to performance (Boxall & Macky, 2009; Kanter, 1977; Laschinger & Finegan, 2005; Laschinger et al., 2000; Laschinger et al., 2001). Therefore, hypotheses 3(c) and 3(d) have been proposed for testing in the chosen context. However, qualitative findings have been used to re-evaluate these hypotheses in chapter six.

**Hypothesis 3(c):** Affective commitment partially mediates the relationship between psychological empowerment and individual performance.

**Hypothesis 3(d):** Affective commitment fully mediates the relationship between HPWS and individual performance.

### 4.4. Summary

In a case study approach, developing a research hypothesis is not mandatory (Yin, 2008). However, since a fairly significant number of studies have been conducted in the HPWS area to justify forming opinions about HPWS and its link to performance, a total of ten hypotheses have been developed to investigate in the quantitative phase of this study (based
on extant literature review presented in this chapter). These hypotheses propose that the perceived HPWS positively predict supervisor ratings of employee performance through complex mediation paths that involve a number of attitudinal outcomes. It is predicted that all constructs and relationships proposed in the ten hypotheses will be influenced by the internal and external environmental factors that a given organisation operates in. Therefore an in-depth understanding of the context and the nature of the relationships between the relevant constructs in the hypothesised mediation model is imperative. A multi-method research design (including both qualitative and quantitative methods) can help achieve that. The next chapter discusses the multi-method research design used this thesis. The first phase of the research is the qualitative phase, which is designed to facilitate the second, quantitative phase.
Chapter Five

Research Design

5.0 Introduction

Methodological issues associated with HPWS research have received significant debate since its inception from the early 1990s (Boxall et al., 2011; Boxall & Macky, 2009). The common limitations range from the selection of the most appropriate ways of measuring HPWS and its components (or how to measure individual and organisational performance) to challenges surrounding sampling techniques and response rates (Cappelli & Neumark, 2001). A case study approach using multiple methods has been advocated as one of the more promising approaches for future research in this area (Bryman, 2006; Yin, 2008). This approach may offer ways to develop a deeper understanding of contextual differences (national context, industry, etc.) and their impact on employee perceptions of the HPWS and the ultimate effect of HPWS on employee attitudes, behaviours, and performance (Guest, 1997). For this study a case study approach with complementary mixed methods of data collection and analysis has been used. The data was collected in the following two phases.

First phase: Qualitative phase

The first phase of the study involved a qualitative approach, consisting of interviews and focus group discussions with 53 managers from three different levels of management hierarchy. This phase was designed primarily to answer the first two research questions and
to facilitate the design of the second phase (the quantitative phase) (Bryman, 1988; Deacon, Bryman, & Fenton, 1998; Hammersley, 2008).

**Second phase: The quantitative phase**

The second phase employed a survey questionnaire to which 436 participants from both banks responded to. The qualitative findings were used to develop the survey instrument for the quantitative phase. The third research question was answered during the second phase of the study.

The researcher maintained a pragmatist paradigm (Greene, Caracelli, & Graham, 1989; Reichardt & Cook, 1979) in conducting this multi-method study. This case study can be viewed as both exploratory and explanatory. The study started out as an exploration of the research problem in order to examine the HR practices that are used by the two banks. The study then investigated how the intended HR practices were operationalized by the managers and how they were perceived by the employees. The study progressed into determining the contextual factors that prompt such work practices and how these are linked to individual performance outcomes.

The objective of this chapter is to present the research design, and the rationale behind its adoption. This chapter presents a brief description of both the qualitative and quantitative phases of the study, then it highlights the process of selecting and gaining access to the case study sites, before introducing the case study banks and presenting details of the qualitative and quantitative research design in relation to the research questions and hypotheses.
5.1 Rationale for Using Case study and Multi-Method Research Design

Most of the early studies on HPWS were conducted as descriptive research using surveys conducted across industries. Quantitative methods of data collection and analysis have often been used to ascertain the link between HPWS and employee performance (Boxall et al., 2011) or organisational outcomes (Huselid, 1995; U.S. Department of Labor, 1993). Quantitative research can be used to statistically test a predetermined hypothesis across a wide range of samples. However, statistical proof alone cannot provide deeper understanding of the phenomenon. Quantitative results usually show an existing relationship but do not explain the context justification behind such observation. Without such justification, the statistical data has limited credibility in proving or disproving any causal relationship beyond reasonable doubts. This has led to this type of analysis being criticised in recent times as either flawed or unreliable (Boxall & Macky, 2009; Cappelli & Neumark, 2001), or wide but shallow (Brewster, 2006).

Brewster (2006) recognised the requirement for all types of studies (surveys on national data, case studies and longitudinal study etc.), to fill research gaps in understanding national differences in comparative HRM studies. The same author also emphasised the need for deep (but narrow) understanding of the meaning, policies and practices of HRM in different countries, and suggested that this can be provided through detailed case studies. A ‘multi-site/multi-method’ study (Louis, 1982) has gained support in recent years as a strategy for examining policy innovation (Bryman, 1988).

The Bangladeshi banking sector is an unfamiliar and relatively un-explored context for HPWS studies. Therefore this study initially required a broad scope of exploration to define
the chosen context. Then the research needs to move to a more focused investigation, as theories are developed from data and further tested in the chosen context. This type of research can be supported by a case study approach (Bogdan & Biklen, 2003). This type of research design enables continuous analysis and reporting, and provides multiple perspectives for cross-data options (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Guba & Lincoln, 1985). This allows for a more focused investigation in the longer term.

Recent research has advocated a mixed methods approach (using case studies with a qualitative component) in order to unpack how context influences the HR causal chain (Boxall et al., 2011; Lepak, Jiang, Han, Castellano, & Hu, 2012). An increasing number of studies are focusing on the development of a deeper understanding of a specific context to prove the relationship between HPWS and performance. This demonstrates how using mixed methods in a case study (Bowen & Ostroff, 2004; Nishii et al., 2008; Wright & Nishii, 2004), or longitudinal study (Appelbaum et al., 2000) has gained popularity in the HRM research stream in recent years. The following sections will explain the justification of using case studies and a multi-method research design for the purpose of this study.

5.1.1 Rationale for Using Case Study Approach

According to Yin (2008), case study is a preferred method when ‘how and why’ questions are posed. With a case study, the investigator has little control over events and the focus is on a contemporary phenomenon within a real-life context. This study is suited to use of a case study approach based on fulfilment of all the above conditions. The first and second research questions of the study ask the ‘how and why questions’ directly, while the third question intends to investigate if there is a link between HPWS and performance outcomes
(the focus on a contemporary phenomenon in a real-life context). In case of the banking sector’s HR practices and their impact on performance, the investigator has no control over the events. The focus of this study is on the prevailing HR practices of the chosen banks and the impact of these practices on performance (which is a contemporary phenomenon within the context of the banking sector in Bangladesh). Yin (2008) suggests that understanding a real-life phenomenon must encompass important contextual conditions highly pertinent to the phenomenon of study in a case study design. In this thesis, understanding the impact of the contextual variations on perceived HPWS at the case study banks is of importance, as it helps answer the ‘why’ question in this research.

The selection of an appropriate configuration of HPWS is highly contextual (Liao et al., 2009; Nishii et al., 2008), and therefore the same set of practices may not be appropriate for both high performing organisations and those with lesser performance. The intensity and magnitude of the causal relationships may also vary across the two case study banks depending on their respective climate. Only a case study approach using both qualitative and quantitative methods can accomplish the depth and width required by this research problem (Brewster, 2006).

5.1.2 Rational for Using Multi-method Study

This study investigates two overlapping facets of the ‘perceived HPWS’ phenomena in the case study banks - the impact of context on the HPWS framework, and the investigation of the causal chain of HR systems linking it to employee performance. The first line of enquiry (context) requires deep but narrower understanding of the specific case study contexts, which can be best provided through qualitative research. The second line of
enquiry (chain of causal relationships) is examined through a quantitative study. Therefore, combining the qualitative and quantitative research methods (yielding a rich and elaborated understanding of the phenomenon) seems justified (Greene et al., 1989) from a pragmatic point of view (Miles & Huberman, 1984; Reichardt & Cook, 1979). Miles and Huberman (1984) stated epistemological purity (using only one method at a time) does not always get the research done. Tellingly, Bryman (2006) reported that 23 percent of the studies done in the management discipline or in organisational behaviour (according to that study sample) used mixed-strategy research. However of these, only three percent covered Asia, Africa and Latin American contexts while 93 percent of articles used North America, UK, Australia and Europe, which are predominantly western. Bryman (2006) acknowledged that inclusion of articles written only in English language has an impact on this finding. The same author strongly emphasised the advantages of using mixed-strategy research, i.e., improving validity of the study, before identifying five justifications for mixed method research (i.e., triangulation, complementarity, development, initiation and expansion). ‘Development’ justification is defined as the one that “seeks to use the results from one method to help develop or inform the other method, where development is broadly construed to include sampling and implementation, as well as measurement decisions” (Green et al., 1989: 259).

Bryman (2006) has also identified 18 reasons frequently used to rationalise the use of mixed methods. Among those 18 reasons, ‘triangulation and validity, offset, completeness, process, different research questions, explanation, unexpected result, instrument development, credibility, context, illustration, utility and diversity of views’ can be used as advantages of using multi-method approach in this study.
According to the above discussion, this study claims ‘development’ justification for using mixed method research design. Moreover, source triangulation (using two different case study sites for corroboration purposes in both qualitative and quantitative phase) had the benefits of ‘triangulation’ and ‘validity’. Green, Caracelli and Graham (1989: 260) stated that “the sequential use of qualitative and quantitative methods where the first method is used to help inform the development of the second”, is an example of creative use of mixing methods for development purposes. This research is going to use the above multi-strategy research design to “increase the interpretability, meaningfulness, and validity of constructs and inquiry results by both capitalising on inherent method strengths and counteracting inherent biases in methods and other sources” (Greene et al., 1989: 261).

Another reason for using a mixed methods approach is that it is useful in limiting any ‘generalisation’ of the qualitative findings. Qualitative research has the benefit of answering why questions, but cannot provide any concrete ground for generalisation of the events described (Bryman, 1988). The problem of generalisation of inferences (due to inadequate number of respondents in qualitative study) about the behaviours and attitudes of a larger population from the case study banks has been addressed by using the questionnaire survey in this study (Babbie, 1990).

In this study the qualitative stage facilitates the construction of the quantitative stage to reach a conclusive stance. The narrative from the qualitative stage helps to add meaning to the numbers, and the numbers are used to add precision to the narrative (Johnson & Onwuegbuzie, 2004). In other words, the findings from the qualitative phase will provide basic understanding about perceived HPWS in banks in Bangladesh, and this will facilitate the construction of a structured questionnaire of the quantitative part and interpretation of
the quantitative finding. There is no possible danger of clash in findings as both stages are looking at different facets of the phenomenon (Deacon et al., 1998).

5.2 Multi-method Case Study Research Design

The earlier discussion lays the foundation for selecting case study approach with mixed methods of data collection and analysis (combining quantitative and qualitative research) for the purpose of this thesis. This section discusses the sample selection and procedure of the multi-method research design.

5.2.1 Unit of Analysis

Yin (2008) acknowledged the difficulty of appropriately defining the unit of analysis in a case study research design. Yin (2008) has recommended to consider ‘where can we generalise’ and ‘who will benefit’ to overcome this challenge. Based on these considerations, the unit of analysis for this study is at the organisation level, i.e., the two case study banks. Yin (2008: 41) also stated that “the same case study may involve more than one unit of analysis”. In this study, the unit of analysis for the quantitative phase is identified as individual level analysis. Individual employee’s perception of HPWS has been linked to the supervisor’s rating of the individual employee performance in the respective banks through a questionnaire survey. Therefore the analysis has been done at the individual level. The findings can be generalised among the individuals working for the case study banks.

The problem with some of the case studies in HPWS researches is that the investigators try to generalise the result of their findings from one or a few organisations for the whole
industry. This type of generalisation may be appropriate for a public sector study (e.g., study in health care sector in a specific country) as public sector organisations usually have very similar strategic directions. However, such generalisation seems inapt for a private sector study where unique workplace dynamics exist due to their considerably diverged strategic directions (Boxall & Macky, 2009). That is another reason for choosing firm/organisation as the unit of analysis and not the banking industry. Individual organisations based on their unique set of demands must be studied separately and then can be compared on a unified ground. A multiple case study approach can best adapt to this uncertainty of contextual agreement among the firms. The results of this study are not generalizable to all PCBLs in Bangladesh, rather only to the banks with similar strategic contexts as the case study sites.

5.2.2 Selection of Research Sites

This multiple case study research design employs replication logic in the selection of the two case study sites. The theoretical conditions for literal replication have been specified in the perceived HPWS framework (Chapter four). The selection criteria for the case study sites for the purpose of literal replication is a reflection of the theoretical conditions under which HPWS phenomenon is likely to be found in a case study context (Yin, 2008). In this study, the theoretical framework implies the influence of internal and external context behind variations in the causal relationships.

Yin (2008) asserted the adequacy of selecting two or three case studies to support literal replication, depending on the access and cost of conducting the study. Based on the above considerations and with the intention of literal replication, two case study banks have been
selected because they operate in the same external environment. Some similarities in the internal contexts (discussed in next sections) are also shared by the two case study sites. However, the researcher considered the fact that no two private banks can possibly be absolutely same in terms of internal context, performance or history. Therefore, different levels of organisational performance and years of operation have been duly acknowledged to observe variations (if any) in the HPWS framework across the two case study banks.

The selection of case study sites for this research has been discussed under three broad headings in the following sections. The first section provided a theoretical justification of selecting banking sector for HPWS study. The second section discussed the rationale of selecting Bank A and Bank B as the case study sites. The third section discussed the procedure of gaining access to the case study banks. Finally, the important characteristics of each case study bank will be presented.

**Rationale of selecting the banking sector for HPWS study**

The banking sector has proven to be a good choice for HPWS study in some other contexts in previous studies (Liao et al., 2009). According to MacDuffie (1995), innovative HR practices (i.e., HPWS) may contribute to economic performance subject to the fulfilment of following three conditions:

Firstly, employees possess knowledge and skills that managers often lack.

Secondly, employees are motivated to apply these skill and knowledge through discretionary effort.
Third, achievement of firm’s business and production strategy depends on such discretionary effort.

In the service industry it is easy to associate HR practices with employee motivation and performance, and subsequently employee performance with organisational outcomes. The service industry’s main product is services, which are provided by employees and their skills. Discretion, and willingness to use the employees’ skills can logically have more impact on service quality and consequently on the economic performance of the organisation. Hence it is justifiable to test the link between perceived HPWS and employee performance in a service industry context (like the banking sector). Likewise, all of these three conditions (MacDuffie, 1995) listed above are likely to be fulfilled by the banking sector in Bangladesh (although confirmation of such statement is subject to further contextual study). Therefore, HR may potentially play a significant role in improvement of performance in this sector.

Resource based theory specifies that knowledge-intensive industries may be more conducive to the use of HRM as a means of gaining competitive advantage than labour intensive industries. This is another important reason for choosing banking sector in Bangladesh. In the local context, the Bangladeshi banking sector is considered a knowledge-intensive industry, rather than capital intensive or labour intensive (Bosworth & Maertens, 2009). However compared to banks in other countries, Bangladeshi local banks employ a considerably larger number of employees (BankScope-Bureau van Dijk, 2010). The lack of substantial capital, technology, education, coupled with the availability of cheap labour must be considered when rationalising such tendencies of overstaffing. More empirical support is needed to show how industry and local context drives HR practices,
employee attitudes and therefore individual employee performance in order to solidify the theoretical claims. Recent studies in HRM in Bangladesh (Chowdhury, 2002; Chowdhury & Mahmood, 2012) also acknowledge the necessity of more research. This study will attempt to fill that research gap. The results of this study can be generalised in contexts with similar set of complexities.

This study consists of multiple case studies of two organisations with different levels of economic performance and differing histories. The three theoretical conditions for linking innovative HR practices to economic performance (MacDuffie, 1995) are expected to be fulfilled by most of the private commercial banks in Bangladesh (that are not marked as ‘problem banks’). However, a high performing bank should display the above three characteristics more strongly than a bank with average levels of performance. The high performing bank is more likely to confirm the hypothesised HPWS framework (Figure-4.1) than a bank with average performance. However due to considerable contextual similarities, a maximum corroboration of results is expected across the two case study sites. A multi-group comparison of the selected case study banks may potentially offer interesting policy implications and scope for theoretical generalisation. The following section discusses the rationale and criteria of selecting Bank A and Bank B for this multiple case study research.

**Rationale and criteria of selecting Bank A and Bank B**

With the aim of selecting “information-rich cases” (Patton, 1990: 181), a combination of typical and purposeful sampling method has been used for investigating HPWS in the local private commercial banks (PCBLs) in Bangladesh, based on replication logic (Yin, 2008). Of the 30 local private commercial banks in Bangladesh listed in Osiris data base (2010),
the researcher purposefully excluded any specialised bank or Islamic banking unit to ensure cooperation of participants who can identify with ‘what is typical’ (Patton, 1990) of PCBLs in Bangladesh. The strategic objectives and work systems of the specialised and Islamic banking systems were considered atypical to the other PCBLs, and therefore, have been purposefully excluded from the study.

The problem banks (i.e., low performing banks with high levels of scheduled loan accounts and that are directly regulated by BB) were purposefully excluded from this study. The reasons for exclusion are two-fold. First, these banks are directly administered by an authority appointed by the BB, and therefore do not enjoy managerial autonomy (especially in making HR decisions). Second, these banks are not logically considered suitable for a high performance work systems study.

The external context of the Banking industry in Bangladesh is expected to be similar, if not the same, for each of the banks (at least for all local private commercial banks). However, the internal context could be very different despite care in selecting case study sites with maximum similarity. Having local, private and commercial as common factors increases the possibility of the banks being direct competitors in the most homogeneous market. Choosing two banks that are presumably targeting the same market ensures experiencing similar competitive forces which is part of Porter’s external environment (Porter & Millar, 1985) and increases (though does not ensure) the chance of showing some similarities between the internal contexts of Bank A and Bank B.

Based on the above considerations, Bank A and Bank B were selected for the study. The latest available (preceding the data collection period) financial reports of 30 local private
commercial banks (PCBs) were analysed to determine the financial position of the selected banks. Bank A was selected as a high performing bank, while Bank B was determined to be an emerging bank (in the context of the Bangladeshi banking industry). These status rankings have been determined and confirmed by the reported financial performance of the selected banks for the three preceding years (that is, the years preceding the study commencement date). The financial performance information was collected from BankScope-Bureau van Dij (2009, 2010, 2011), and Factiva (2010) records and confirmed by the annual financial reports of the banks. The specific identities of the participating banks are not disclosed here to protect the anonymity of the participating banks (as per the requirements of the ethics committee). However, their latest (2011) financial positions and other important features have been summarised in Table 5.1.

To observe the link between HPWS and employee performance, the BvDEP Independence Indicator rank has been used as another important criterion for selecting the case study sites. The level of managerial autonomy in operational and HR decision making is indicated by Bureau Van Dijk Independence Indicator (BvDEP Indep. Ind.) ranking (Oberhofer & Pfaffermayr, 2011). This criterion has been selected based on the findings of preliminary field study and secondary sources (presented in chapter two).

Historically, most banks in Bangladesh have suffered financial losses as a result of undue and unwanted influences from shareholders on bank operations (this issue was discussed earlier in Chapter two). Political influences channelled through shareholders made it difficult to apply administrative skills to ensure operational efficiency (Chowdhury, 2002). The existence of HPWS and the possibility of those systems having a significant impact on employee performance are considerably dependent on the BvDEP Independence Indicator.
in the context of Bangladesh. Managers from higher ranked banks are likely to be more empowered to make strategic and operational decisions (BvDEP. Ownership Database, 2008). Rank ‘A’ in the BvDEP Indep. Ind. implies that none of these banks have a recorded shareholder with an ownership (direct or total) over 25.99 percent. This rank indicates the highest level of operational or managerial autonomy (freedom from powerful shareholder’s influence). Furthermore, having an A+ (within rank A category) qualifies the selected banks to be labelled as ‘independent companies’ with six or more identified shareholders, in which the summation of direct ownership links is 75.01 percent and higher (BvDEP. Ownership Database, 2008). Therefore shareholders are considered to be unable to exert a controlling power over a company.

Both of the selected case study banks are rated A+ according to the Bureau Van Dijk Electronic Publishing Independence Indicator and reported by the Osiris database (2003). Therefore, the management teams of the selected banks are more likely to focus on improving performance outcomes of the banks, and are less likely to serve external forces or personal interest of individual shareholders.

**Process of gaining access to the case study banks**

The researcher purposefully selected four different banks to approach for cooperation, two banks from each of the following two categories (category A and B are discussed below). The categories are identified for the purpose of this thesis based on the findings from the preliminary field study. The research division of Bangladesh Bank (BB) and faculties of Bangladesh Institute of Bank Management (BIBM) and the annual publications (from
2009) from these institutions were especially helpful in determining the following categories.

**Category A:** Banks that are established as high performance banks based on the last three years of their financial ranking (among the top 5 banks) within the PCBLs in Bangladesh. A bank in this category belongs to either so called ‘first’ or ‘second’ generations of banks in Bangladesh. The first and second generation banks are considered to be the early entrants in the market and generally have the advantage of more capital reserves, an established clientele, access to the market, and a proven track record. However, there are first and second generation banks that are facing challenges of scheduled/substandard loans, or loss of reputation. Those banks are purposefully excluded from Category A to ensure that the participating bank is a typical high performing bank in Bangladesh.

**Category B:** Banks that are doing fairly well (and that have not been marked as a problem bank by the BB) belong to this category. They are the so-called third or fourth generations of banks in the industry, and therefore are later entrants to the industry. Consequently they do not have the advantage that ‘Category A’ banks enjoy, as stated above. However, these banks have the advantage of learning and adapting from the mistakes of others and are not burdened by the effects of the ‘loan default culture’ that plagued the Bangladeshi banking sector from early 1980s to mid-1990s (Sobhan, 2002).

A total of four banks (two from each category) were initially selected and approached via e-mail, telephone conversations and face-to-face meetings with the HR heads. They were identified based on their optimal conformation to the selection criteria and features of the respective categories (A and B). Based on the feedback and the level of cooperation offered
by the banks, the researcher finalised the decision of including Bank A and Bank B in this study. The participation of the individual employees was voluntary (though the HR divisions of the respective banks helped facilitate it). The detailed characteristics of the selected case study banks (corresponding to the selection criteria used) are discussed in the next section (Table 5.1).

**Important Features of the Case Study Banks**

Table 5.1 highlights the important information about the chosen case study sites. The following information was gathered from the latest available data in Osiris database (immediately preceding the period of reporting of this thesis, i.e., 2011). However, all available databases were first viewed in 2010. BvDEP. Ownership Database (2008) was first viewed in 2009 during selection of the banks and this document was first published in 2008.
Table 5.1: Comparative Performance Indicators of Bank A and Bank B among the Local Private Commercial Banks in Bangladesh

<table>
<thead>
<tr>
<th>BANKS FEATURES</th>
<th>BANK A</th>
<th>BANK B</th>
</tr>
</thead>
<tbody>
<tr>
<td>BvDEP Independence Indicator ranking</td>
<td>A+</td>
<td>A+</td>
</tr>
<tr>
<td>Number of employees</td>
<td>2292 (Osiris data base, 2011)</td>
<td>841 (Reported by Arthik Protistan Shomuher Karjabali, Government of Bangladesh publication, 2009-10. No data available in Osiris.)</td>
</tr>
<tr>
<td>Financial performance</td>
<td>Financial data of the respective bank</td>
<td>Financial data</td>
</tr>
<tr>
<td>Operating Rev./ Turnover mil USD (last available data in 2011)</td>
<td>153</td>
<td>48</td>
</tr>
<tr>
<td>Net Income (Mil USD)</td>
<td>45</td>
<td>14</td>
</tr>
<tr>
<td>Net Interest Revenue (Mil USD)</td>
<td>94</td>
<td>29</td>
</tr>
<tr>
<td>Total asset (Mil USD)</td>
<td>2425</td>
<td>807</td>
</tr>
<tr>
<td>Equity (Mil USD)</td>
<td>236</td>
<td>62</td>
</tr>
<tr>
<td>Market Capital (Mil USD)</td>
<td>424</td>
<td>212</td>
</tr>
</tbody>
</table>

5.2.3 Linking Research Design to the Research Questions and Hypotheses

The following table (Table 5.2) links research design to the specific research questions and hypotheses:

**Table 5.2: Link between Research Questions/Hypotheses and Research Design**

<table>
<thead>
<tr>
<th>Research questions and hypotheses</th>
<th>Research phase and related data sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1: In what ways do internal, socio-economic, cultural and political factors shape high performance work systems in the banking industry in Bangladesh?</td>
<td>The first phase: The preliminary field study (Six participants from different stakeholder groups) and semi-structured interviews among industry experts (53 participants from two banks) will be used to answer the first research question. The first five questions in the interview schedule are specifically designed to address this research question. Additionally, extensive literature review, Bangladesh Bank and other government publications and secondary sources shall complement and validate and enrich the findings. Finally, test of the hypothesised HPWS mediation model and the multigroup moderation test across the selected case study banks will decide the variations (if any) caused by the contextual differences.</td>
</tr>
<tr>
<td>Q2: How is HRM understood, interpreted and practiced across the management hierarchy in the banking industry in Bangladesh?</td>
<td>The focus group discussions and interviews with top, mid-level and junior managers from selected banks will be used to answer this question.</td>
</tr>
<tr>
<td>Q3: Do employee perceptions of high performance work systems impact their affective commitment, trust and psychological empowerment and subsequent ratings of employee performance?</td>
<td>Overlap between 1st and 2nd phase of research: The qualitative part will help identify the appropriate composition of the perceived HPWS construct based on the opinion of the industry experts from both banks. The findings from the 1st phase also indicate the possible mediation roles or at least the</td>
</tr>
</tbody>
</table>
Hypothesis 1(a): Perceived HPWS positively predicts psychological empowerment among the employees.

Hypothesis 1(b): Psychological empowerment fully mediates the relationship between perceived HPWS and individual performance.

Hypothesis 2(a): Perceived HPWS positively predicts trust among the employees.

Hypothesis 2(b): Psychological empowerment partially mediates the relationship between perceived HPWS and employee trust.

Hypothesis 2 (c): Employee trust partially mediates the relationship between psychological empowerment and individual performance.

Hypothesis 2(d): Employee trust fully mediates the relationship between HPWS and individual performance.

Hypothesis 3(a): Perceived HPWS positively predicts affective commitment among the employees.

Hypothesis 3(b): Psychological empowerment partially mediates the relationship between perceived HPWS and affective commitment.

Hypothesis 3(c): Affective commitment partially mediates the relationship between psychological empowerment and individual performance.

Hypothesis 3(d): Affective commitment fully mediates the relationship between HPWS and individual performance.

The following sections outline the sequence of implementing multiple methods in this study along with the procedures of implementation.
5.3 Preliminary Field Study

A preliminary field study of limited scope and magnitude conducted among different stakeholders (of the banking industry in Bangladesh) preceded both stages of data collection. The stakeholders include one faculty member and researcher working in the Bangladesh Institute of Bank Management (BIBM), one representative from the research division of the central bank (BB), two retired bankers with more than 15 years of work experience in different banks in Bangladesh, and HR heads from the two case study banks. The stakeholders were consulted informally in order to gather preliminary knowledge about the banking sector in Bangladesh through unstructured and informal interviews.

5.4 First Phase: The Qualitative Phase

The first phase of the study used qualitative methods of data collection and analysis at the organisation level. The basic approach of this stage was inductive. The first phase of the study unfolded the context of Bangladeshi Banking sector to determine what influenced HR decision making, and its impact on attitudes and behaviours in this sector. This stage also identified the sub-contexts that differentiate one bank from the other. Interviews and focus group discussions with the managers working in the selected banks allowed a comprehensive understanding of the HR contexts and HR strengths of the respective organisations, and of the important aspects of the employees’ attitudinal and behavioural outcomes.
5.4.1 Procedure of the Qualitative Research

Semi-structured interviews and focus groups were used among 53 managers from across the managerial hierarchy of the two different banks. The participants were considered to be industry experts in their chosen organisations. The researcher arranged one-to-one interviews for top managers, and also conducted two separate focus-group sessions for the mid-level and junior managers in each bank. Focus-group method was primarily selected as a quick and convenient way to collect data from several people at once and to capitalise on communication between research participants in order to generate data (Kitzinger, 1995). Yin (1994: 68) stated that “you must cater to the interviewee’s schedule and availability, not your own” in order to access the participants. Accordingly, all interviews and focus groups were arranged based on the interviewees’ convenience.

Finally, a total of 15 top managers (8 strategic decision makers from bank A and 7 from bank B) were individually interviewed. Two focus group sessions among 8 mid-level and 10 junior managers in the first case study site were used for qualitative analysis. Ten mid-level and nine junior managers joined the focus groups in the second case study site (Table: 5.4)

5.4.2 Expected Contribution of the Qualitative Phase

The objective of the qualitative phase is to determine the general and organisation specific context of the banking sector, and of the selected banks. This phase is also expected to outline the composition of perceived HPWS, based on the understanding of HR strengths. Moreover, this phase will identify the expected behavioural and performance outcomes from the employees of each bank and will help sketch a proposition about the link between
perceived HPWS and individual performance outcomes through the mediation of attitudinal outcomes.

5.4.3 Instrument Used in the Qualitative Phase

A semi-structured interview schedule was used for both individual and focus group interview sessions. The process of developing this instrument is outlined below:

Development of the Qualitative Research Questions

The interview schedule comprised of a set of 23 semi-structured questions which were designed around the major issues identified in the research questions (internal and external context, expected HR outcomes, HR strength/climate and perceived HPWS). The schedule was designed to allow the interview setting to promote an understanding and ease of communication between interviewer and interviewee, then to gradually ask more focused and specific questions, as recommended in this form of research (Bogdan & Biklen, 2003; Lincoln & Guba, 1985).

The more focused and specific questions (question six to question 22) were developed based on the theoretical perspectives related to SHRM. Those questions were more specifically related to understanding the HR strength/climate of the case study banks using Bowen and Ostroff (2004)’s recommended construct of HR strength/climate. The schedule also had scope and flexibility to allow the participants to volunteer any information that seemed relevant to them regarding the HR or context specific issues, in order to explain initial responses or to enable discussion of the areas of research interest to be investigated further.
During the interviews, some semi-structured questions had to be customised for particular participants (such as asking first-year recruits about their general perception of possible contradictory HR practices instead of specific feeling about case study banks) or adjusted (because earlier responses in the interview had substantially covered this particular area of interest).

The following section will discuss the interview schedule of questions for both interviews and focus group discussions, and how this facilitated the next stage of this research. This will also include the course of construction and improvisation of the questions and the interview process.

**Interview schedule**

This section presents the interview schedule organised under the respective themes that have subsequently derived from the recursive abstraction of responses. The intended findings from the respective questions are also included.

**Main theme 1: Context and expected performance outcomes**

1. How has human resource management (HRM) developed within the banking industry and particularly in your bank? Why do you think HRM has developed this way in your organisation?
2. Have you seen any dramatic changes over the period that you have been here?
Intended findings from interview schedule question 1 and 2:

Question 1 and 2 are intended to stir up a discussion about external and internal environmental factors with possible HR implication. The findings are expected to explore the uniqueness of the context of Bangladeshi banking sector and help explain the results if subsequent quantitative phase of the study demands (the mixed-methods rationale of explanation and unexpected results according to Bryman, 2009).

3. How would you describe your corporate philosophy, values, strategies and goals?
4. What are the expected organisational and HR outcomes in your bank?

Intended findings from interview schedule question 3 and 4: Question 3 and 4 are set out to gain knowledge about the internal context of the participating banks. This will define the corporate culture, policy and direction and their interpretations across managerial hierarchy. The findings from these questions may also be useful in explaining the quantitative findings from the perception survey among employees (the mixed-methods rationale of ‘context’ according to Bryman, 2009).

5. What are the major performance outcomes expected from your employees?

Intended findings from interview schedule question 5:

This will help gain an understanding of the expected individual performance outcomes in these banks which is a major dependent variable of this study. The result will help define what aspects of performance are seen as important by the managers and it will explain what aspects of performance criteria are used to rate the employees in respective banks. This provides a descriptive alternative to the actual supervisor rating of individual employee
performance that the researchers used as the dependent variable in the survey (mixed method rationale of completeness according to Bryman, 2009).

**Main Theme 2: Strength of HR**

To measure the strength of HR or the climate, a framework of Bowen and Ostroff (2004) has been used to construct the following semi-structured interview questions. The questions are listed under the respective sub-themes of the framework provide by Bowen and Ostroff (2004). Table 5.3 shows the analytical framework for incorporating climate into the concept of ‘Perceived HPWS’, originally suggested by Bowen and Ostroff (2004):

**Table 5.3: The Analytical Framework to Determine Strength of the HRM System**

<table>
<thead>
<tr>
<th>Distinctiveness:</th>
<th>Consistency of message</th>
<th>Consensus between decision makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Features of the HRM system that capture the attention and interest of staff in organisational goals</td>
<td>• Visibility</td>
<td>• Agreement among principal HRM decision makers</td>
</tr>
<tr>
<td></td>
<td>• Understandibility</td>
<td>• Fairness of HRM practices</td>
</tr>
<tr>
<td></td>
<td>• Legitimacy of authority</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Relevance.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Instrumentality: refers to establishing an unambiguous cause-effect relationship between the HRM system’s desired employee behaviours and associated employee and organisational performance outcomes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Validity: enables organisational participants to establish valid attributions associated with HRM and beneficial individual and organisational outcomes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Consistent HRM messages</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Stanton, Young, Bartram & Leggat (2010)
Distinctiveness

6. Which HRM policies and practices are seen as important within your organisation?

Intended finding from interview schedule question 6: Range of visible HR practices and coverage.

7. Are these practices uniformly and fairly applied to all employees?

Intended finding from interview schedule question 7: Visibility-if majority employees are covered and consistent HR message are conveyed to them.

8. How do you think the HR policies and practices can be improved in your bank?

Intended finding from interview schedule question 8: Range of visible HR practices and coverage and contribution to perceived HPWS scale.

9. How do you communicate and explain HR practices to both managers and employees? Do you think they are clearly understood by them?

Intended finding from interview schedule question 9: Visibility and understandability.

10. Are the same communication massages, methods and media used to inform different groups of employees in your bank?

Intended finding from interview schedule question 10: Understandability.

11. Do the top managers agree on and support the HR practices in your bank?

Intended finding from interview schedule question 11: Agreement and legitimacy of authority.

12. Does your bank treat HR department and activities as significant and critical to organisational success?

Intended finding from interview schedule question 12: Legitimacy of authority.

13. How would you rank the importance of HR department compared to other functional areas in your bank?
Intended finding from interview schedule question 13: Legitimacy of authority

14. Are the HR managers involved in the strategic decision making in your bank?

Intended finding from interview schedule question 14: Legitimacy of authority.

15. How much authority do you think HR division has over deciding the HR practices and performance outcomes?

Intended finding from interview schedule question 15: Legitimacy of authority.

16. Do you think HR practices and policies are aligned with the organisation’s strategy? Do you think employees in your organisation generally view them as clearly linked to their personal goals?

Intended finding from interview schedule question 16: Relevance and consistency of HR message.

17. Do you think the HR agents (In charge of implementing HR practices) in your organisation are capable and willing to achieve the organisation’s goals?

Intended finding from interview schedule question 17: Relevance of HR.

Consistency:

18. Do you think the HR staff or the managers in your bank have adequate power, skills and resources to link individual’s rewards with their performance or behaviour in a consistent and timely manner in your bank?

Intended finding from interview schedule question 18: Instrumentality

19. Do you measure the effectiveness of different HR practices and policies in your bank? How?

Intended finding from interview schedule question 19: Validity
20. Do you think there are counterproductive or contradictory HR practices in your bank?

**Intended finding from interview schedule question 20:** Consistent HR messages.

**Consensus:**

21. Are the employees allowed and encouraged to participate in the HR or outcome related decision making process?

**Intended finding from interview schedule question 21:** Fairness

22. Do the managers openly and respectfully explain the rationale of the HR decisions to the employees?

**Intended finding from interview schedule question 22:** Fairness

**Intended findings from interview schedule question 6-22:** Questions 6 to 22 are intended to stir up an open discussion and gain an understanding of the shared perception about HR contents and process that signifies the level of HR strength of the banks (Bowen & Ostroff, 2004).

**Main Theme 3: Perceived HPWS**

23. In your opinion, what are the strengths and weaknesses of the current HRM policies and practices of your bank compared to other banks?

**Intended findings from interview schedule question 23:** Question 23 was added to the schedule by the researchers to compliment and highlight the HR systems that are generally preferred by the industry experts in respective environmental context. The answers are expected to facilitate the development of HPWS measures for the survey combining the
findings from questions 6-22. The information volunteered through the interview and focus group schedule may also prove valuable in gaining a better understanding of the important attitudinal outcomes that mediate between perceived HPWS and the performance outcomes in this particular context.

5.4.4 Participants in Qualitative Study

A total of 53 executives across managerial hierarchy have participated from the selected case study sites according to the breakdown in Table 5.3.

Table 5.4: Interview and Focus Groups Sample Summary

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total participants</th>
<th>Interviews</th>
<th>Focus groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank A</td>
<td>26</td>
<td>8 top managers</td>
<td>8 mid-level managers and 10 junior managers</td>
</tr>
<tr>
<td>Bank B</td>
<td>27</td>
<td>7 top managers</td>
<td>10 mid-level managers and 10 junior managers</td>
</tr>
</tbody>
</table>

Process of gaining access to the individual participants of qualitative study

The participants were selected based on their rank in the organisational hierarchy and their years of experience (at least five years for top managers, three years for mid-level and one year for junior executives) in the banking sector. The participating institutions identified the potential interviewees. The participants were considered to be the industry experts and holding important official positions in their respective organisations. Therefore, the organisations have decided their (respondents’) competences to provide valid responses as industry experts. Then, it was the actual participant who gave voluntary consent. The following table (Table 5.4) identifies the respondents of interview and focus groups in Bank A and Bank B while maintaining their anonymity.
| Managerial levels | Bank A | | Bank B | | Citation for the thesis | | Citation for the thesis |
|---|---|---|---|---|---|---|
| Top Management | Eight top managers including divisional heads and branch in-charges of the vital branches, holding higher level position title than most of the lower performing branches. These participants are actively involved in strategic decision making. | Bank A Top Managers: BAT (1-8). The first top manager has been cited as BAT-1 and the last one as BAT-8 | Seven top managers including divisional heads and branch in-charges of the vital branches, holding higher level position title than most of the lower performing branches. These participants are actively involved in strategic decision making. | Bank B Top Managers: BBT (1-7). The first top manager has been cited as BAT-1 and the last one as BAT-7 |
| Mid-level Managers | Eight Mid-level Managers from HR Division and other HO divisions and second in-charges from different branches. | BAM Bank A Mid-level Managers (These managers are not identified by assigning numbers to their citation. The responses from this focus group were indistinguishable from the voice recording as they were not required to state their positions before responding in group discussion to protect their anonymity) | Ten Mid-level Managers from HR Division and other HO divisions and second in-charges from different branches. | BBM Bank B Mid-level Managers (These managers are not identified by assigning numbers to their citation. The responses from this focus group were indistinguishable from the voice recording as they were not required to state their positions before responding in group discussion to protect their anonymity) |
5.4.5 Qualitative Data Collection

Using the information provided by the HR division, participants for the one-to-one interviews were individually approached for a telephone meeting. The participants were given voluntary consent and specified a convenient time/location for their interview sessions. The focus group sessions were arranged by the training division (of Bank A) and the HR division (of Bank B), with an invitation to participate sent out, along with official permission to leave the desk during work hours. The actual participation in focus groups was strictly voluntary, and was by no means mandatory.

Individual interviews and focus group sessions were recorded using two voice recorders. Permission was formally granted by the interviewees (in the form of signed consent forms - Appendix-III). The recorded interviews were transcribed, and the findings supplemented the researcher’s field observation records in order to facilitate the analysis.

5.4.6 Qualitative Data Analysis

The qualitative data collected through interview and focus group schedule was analysed using a thematic approach. The analysis was done manually by the researcher based on
questions from the interview and focus group schedule using separate Microsoft Word files in tabular form to exercise better control over the data.

The qualitative data analysis did not use NVivo software for two major reasons. First, the interviews and focus group meetings for this study were conducted in English, which is the official language of the participating banks, but which is the second language of the individual respondents. Therefore they were not accustomed using the exact word alternatives that the researcher would program NVivo to extract data. Rather, most of the respondents used long expressions or stories to convey a meaning (e.g., they raised trust issues, commitment or empowerment without using those exact words). This style of response is familiar to the researcher due to personal research background, and familiarity with the respective cultural context. Therefore NVivo and manual coding both were determined to be overly time consuming, and manual coding allowed greater control over data.

Manually treating the qualitative data ensured that the data analysis addressed the research questions, and that it examined all relevant evidence and possible alternative interpretations (Auld et al., 2007). This also ensured that each of the cases was treated fairly, as suggested by Yin (2008). Auld et al. (2007: 37) stated that doing the analysis by hand may allow for a better contextual understanding of the concepts or patterns that emerge from the data analysis. They also argued that qualitative software is not essential for valid and reliable research.

The second reason for not using NVivo is the modest number of respondents and data collection sessions used in this study. The qualitative study covered a total of 53
respondents in the interview and focus group sessions (from both banks). Thirty eight of the participants were interviewed in four focus group sessions - which counts for only 19 individual and group interview sessions (45 minutes each on an average). Therefore, NVivo was not essential in this case, as supported by Auld et al. (2007).

After the transcriptions were completed, the output from the recursive abstraction of each coding category (emerging from the interview schedule questions) helped identify the main patterns that emerged from the responses. These abstracts helped connect themes within each category into one group (e.g., perceived constituents of HPWS comprises selective recruitment, teamwork, immediate leadership and so forth). The thematic approach was used for reporting the qualitative research findings in Chapter Six.

5.5 Second Phase: The Quantitative Phase

In the second phase 436 employees of the participating banks were surveyed using a structured questionnaire. This part used quantitative data collection and analysis to statistically prove the hypotheses. The unit of analysis of the quantitative phase is at the individual level. An individual level analysis focuses on the individual employee as the unit of analysis and psychological factors as explanation (Cappelli & Neumark, 2001) in linking ‘perceived HPWS’ to supervisor’s rating of employee performance.

The findings from the qualitative phase and the measures used in different seminal HPWS research were used to develop the questionnaire. The scales and measures used in the quantitative research instrument are discussed in detail in Chapter Six. This phase will establish the link between perceived HPWS and individual level performance outcomes.
through the mediation and intervention of employees’ psychological empowerment, trust and affective commitment.

5.5.1 Data Collection

The survey was conducted during the period of August 05, 2011 to September 30, 2011. All questionnaires were physically distributed and collected by the key researcher on 20th August, 2011. Formal performance evaluation reports are handed to employees of Bangladeshi banks at the end of each fiscal year (June 30) or no later than the first week of July. Therefore, it was expected that the respondents would have fresh memories of their actual performance for the time period when they developed their perceptions and attitudes. However, there is a possibility that their actual performance record may change their perception of HPWS in place and associated attitudinal outcomes (i.e., psychological empowerment, employee trust and affective commitment). Due to anonymity issues, it was improbable to conduct the perception study before the supervisor evaluations had been handed to the employees.

Population and Sample

The population of Bank A is 2292, while for Bank B it is 841. This study was confined to the capital city, Dhaka, due to resource limitations. However, the head office (HO) and major branches of both banks are located in Dhaka. The number of branches and employees in Dhaka city are also higher than all other districts combined. Approximately 60 percent of the total employees of the respective banks are located in Dhaka (the exact number is not provided by the banks as it is frequently changing). The responses were voluntary, and not controlled by the researcher. A convenient sampling method was used to select the
participants. A total of 500 questionnaires were distributed to Bank A, and a further 250 to Bank B. These numbers were decided according to the level of cooperation from the participating banks, and are based on Fowler’s (1984: 43) argument that after a sample size of 150 to 200, there is only a modest gain to increase sample size. Fowler (1984) also argued that there is rarely a definitive answer to how big the sample size should be.

The same questionnaire was distributed to all participants at both banks (only the bank names were changed). A total of 313 responses were returned from Bank A, while only 123 were returned from Bank B. The response rate from Bank A was 62 percent and the response rate from Bank B was 49 percent. The overall response rate from both banks was 58 percent, which is deemed acceptable in social science research (Alreck and Settle, 1995).

**Procedure**

The questionnaire was distributed randomly among the available staff in head office and at some branches (selected based on safe locations and transportation convenience) by the key researcher. An informal briefing among the staff members in small groups preceded the distribution of questionnaire. The participants were given 7 days to return their responses directly to the researcher (during the physical visit to the unit), or to a closed box placed in HR department in their respective head offices. An easily sealable envelope was added to the questionnaire. Eighty percent of the total responses were collected personally by the key researcher in closed envelops, while the rest (in case of Bank A only) were collected from the HR and training division’s closed box after seven days.
5.5.2 Instrumentation and Measures

A personally administered structured questionnaire was used in this research in order to elicit responses about a series of items. The researchers personally distributed and collected most of the questionnaires at the case study sites to ensure effective handling and response (Sudman, Greeley, & Pinto, 1965). The selection of questionnaire items and measures was informed by the theoretical research model, presented in Chapter four (Figure: 4.2). The instrument comprised of a number of measures developed by different researchers in similar studies in western context.

In addition, one new measure of HPWS was introduced based on the qualitative findings and equity theory of motivation (internal and external equity in pay policy) which is labelled ‘Pay’ in the HPWS measurement model (Figure 7.1). Reward or compensation has been used as a measure of HPWS in most HPWS studies in any context. All participants in the qualitative phase of this study revealed that an equitable pay package is vital for creating a sense of empowerment, commitment and trust among the employees (chapter 6).

The sources of measures and scales used for different sections of the questionnaire are presented in Table-I in Appendix-I. The questionnaire was pretested using two respondents from the HR department of each bank to identify any potential misunderstandings and to communicate the time requirements. The questions involving the supervisor’s rating of individual employee performance and the ‘pay’ construct were revised to make them more suitable for use in the current case study context. Appropriate approvals were obtained from the Managing Directors of each bank through the respective HR departments, before final distribution of questionnaires. An information sheet about the nature, purpose and use of
this study, and protection of participant’s anonymity were added to the instrument (Appendix-III & IV). A copy of the full questionnaire (concealing the names of the banks) has been added to the appendix (Appendix-V).

**Contents of the Survey Instrument**

The survey questionnaire is divided into four major sections. The four sections of the questionnaire are HPWS measures, attitudinal outcomes, actual performance, and descriptive statistics (as presented in Table I, Appendix 1). These sections are sequenced in a counterbalanced question order in the actual questionnaire to help neutralise CMV by psychologically disassociating the related items (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

The items on perceived HPWS and attitudinal outcomes were measured using the five-point Likert scale (1=Strongly disagree; 5=Strongly agree). The question addressing the supervisor ratings of employee performance also used a five-point scale (1=Poor; 2=Average, 3=Good, 4=Very Good and 5=Excellent). The scale of supervisor ratings has been set in accordance with the actual performance appraisal forms used in the case study banks. The banks also use a cumulative score (in percentage) in their evaluation form. Therefore the research instrument has an open question. However most of the respondents did not answer that question, and therefore this item was excluded from analysis. The final six measures of HPWS (recruitment and selection, performance management, training and development, pay equity, self-managed teams, and leadership style of immediate manager) were selected based on the themes emerging from the qualitative research findings.
Data Analysis: Quantitative Study

The quantitative data was analysed using the structural equation modelling (SEM) in AMOS-18 that combines regression and path analysis. SEM (in AMOS) represents “causal” processes that generate observations on multiple variables (Bentler, 1988) and covers two important aspects of the procedure that fit into the research design at hand. The two aspects include the causal processes represented by a series of structural (i.e., regression) equations, and the graphic depiction of these structural relations enabling a clearer conceptualization of the theory using AMOS graphics (Byrne, 2001a).

This analytical tool statistically tests the hypothesised mediation model of this study (presented in Chapter four) in a ‘simultaneous analysis of the entire system of variables to determine the extent to which it is consistent with the data’ (Byrne, 2001:1). If goodness-of-fit is adequate, the model argues for the credibility of proposed relations among variables. The analytical procedures, fit criteria and associated thresholds (Table 5.6) to measure scale validity in confirmatory factor analysis (CFA) and to determine model fit of the hypothesised structural model are discussed in the following sections. Additionally, the reliability of the scales has been tested using Cronbach’s Alpha in SPSS prior to CFA.

A considerable number of outliers have been detected in the data set. However, the skewness (<2) and kurtosis (<7) level is well within acceptable limits for all observed variables, and the mean and 5% trimmed mean value are very similar for each variable. Therefore, the outliers have not been modified (Pallant, 2010). Missing data has been replaced by mean values of the respective items before testing the models in AMOS.
Advantages of Using SEM and AMOS

This thesis involves analysis of conditional indirect effects, commonly known as moderated mediation effects (Preacher, Rucker, & Hayes, 2007). The case study banks are used as moderator in multi-group comparison of the hypothesised causal paths. Preacher, Rucker, and Hayes (2007) clearly stated that SEM softwares such as AMOS are the best tools for such analysis, as they can test multiple mediation paths simultaneously.

Byrne (2001b) noted four advantages of using SEM over the traditional multivariate procedure. First, SEM facilitates analysis of data for inferential purposes by demanding that the pattern of inter-variable relations be prespecified, which is impossible in exploratory factor analysis. Second, SEM provides explicit estimates of measurement error variance parameters. Using alternatives such as regression, or the general linear model may lead to serious inaccuracies if there are sizeable errors in exploratory variables. Third, SEM can deal with latent as well as observed variables simultaneously. Finally, there is no better tool than SEM for modelling multivariate relationship and measuring point and/or interval indirect effects.

Moreover, SEM uses the matrix of variances and covariances amongst all independent and dependent variables instead of raw data as input in regression (unlike the conventional ordinary least squares (OSL) approach). This approach minimises the difference between the sample covariance matrix and the expected covariance matrix implied by the regression model (Holmes-Smith, 2010). SEM and AMOS also offer the scope to use a one-factor congeneric measurement model facilitating the imputation of more realistic composite scales than the traditional approaches. The goodness of fit measures of such measurement
models ensure construct validity and better estimates of the true reliability of the composite scale than Cronbach’s alpha (Holmes-Smith, 2010).

The above benefit has fully been realised especially in case of Perceived HPWS items in this thesis. To use the scales and measures developed and verified in western contexts in an opposite and unexplored case study context requires special care with regard to adjusting the scale in terms of validity and reliability. Traditional factor analysis is not adequate as EFA assumes that the error terms are uncorrelated, which could lead to a misspecification of the factor loading and subsequently the factor score regression coefficient. The above problems can be addressed by using CFA in SEM (Holmes-Smith, 2010). CFA allows for the estimation of the reliability and construct validity of measures, provides new tests of fits for systems of equations and allows for the estimation of higher order factor analysis (without any observed indicator) which is specially required for the perceived HPWS and psychological empowerment constructs used in the hypothesised mediation model (Byrne, 2001b; Holmes-Smith, 2010).

Another significant advantage of using SEM in this thesis is to overcome two major deficiencies in forming composite variables for the final regression and path analysis to test the hypothesised model. Traditional ways of forming composite variable do not allow unequal weighting for the multiple indicators of a latent construct or the correlations amongst the measurement errors of those indicators (when traditional EFA factor score coefficient matrix is used). CFA outputs in SEM shows factor score weights which take care of the two issues above and allow for a more accurate representation of the multiple indicators of a latent construct in a composite variable (Holmes-Smith, 2010). All independent variables and mediating factors are latent construct in this thesis that are
subsequently presented as composite variables in the structural model. Therefore, for all the above advantages SEM has been chosen as the optimum analytical tool for this study.

The Steps to SEM

The following seven steps (Figure 5.1) have been adapted in the thesis for using structural equation modelling in analysing the data in AMOS. These steps are selected based on the eight steps typically undertaken in the modern application of SEM (Byrne, 1998; Diamantopoulos, Siguaw, & Siguaw, 2000; Kline, 2010; Marcoulides & Raykov, 2000; Raykov & Marcoulides, 2000; Schumacker & Lomax, 2004).
Step 1: Model conceptualisation

Extensive literature review specified the model in chapter four.

Step 2: Path diagram construction and model specification

The relationships amongst the major set of latent variables have been presented in chapter four. Figure 4.2 visually represents the substantive theoretical hypotheses of the thesis. The hypotheses and measurement schemes are visually presented in chapter seven. The parameters to be estimated are: the regression coefficient, the variance of the factor in the sample, the residual variance in the dependent variables, the error variance associated with the measurements of indicator variables of the latent factors. However, only the important parameters are presented in chapter seven.

Step 3: Model identification

All measurement and structural models have been identified. The number of estimated equations matches or exceeds the number of unknown parameters specified in the equation. Enough information has been ensured in sample data to estimate all specified parameters in the hypothesised model. The CFA and structural models are presented in chapter seven.

Step 4: Parameter estimation

Maximum likelihood, which is an iterative estimation procedure, has been used to estimate the simple and higher order CFA models tested in this thesis. There is more information in the sample data than is required to estimate all parameters in each hypothesised models tested.

Step 5: Assessment of model fit

A number of fit statistics and benchmarks have been proposed in table 5.6.

Step 6: Model re-specification

Based on the parameter estimations, model fit indices and modification indices, the models have been respecified and alternative model is proposed in chapter seven (within the theoretical boundaries).

Step 7: Multi-group Analysis

Finally a respecified mediation model has been tested in AMOS using multi-group moderation test. A dichotomous categorical moderator (Bank A and Bank B) has been used to test the group differences.

Figure 5.1: Major Steps Involved in the Analysis of Data Using SEM


**Model Estimation**

SEM holds an underlying assumption of all variables having continuous scale. Methods developed for continuous variables are considered not suitable for such ordinal variables (Yang-Wallentin, Jöreskog, & Luo, 2010). Polychoric correlations and WLS, or robust WLS (RWLS) are recommended to estimate a CFA model based on ordinal variables (Browne, 1984; Yang-Wallentin et al., 2010; Muthén, du Toit, & Spisic, 1997; Flora and Curran, 2004). The above method would be most appropriate in case of the data set used in this study due to the large model and moderate sample size (Byrne, 2001a; Gold, Bentler, & Kim, 2002). However, the option of RWLS is not available in the AMOS18 software used in this study. The first edition of Barbara Byrne's guide to AMOS (2001:71-72) favors maximum likelihood estimation (ML) in such situations, but does mention four or more categories as a condition for the generality of this approach.

Thus the three options that were available in AMOS for use in this thesis were: maximum likelihood (ML), asymptotically distribution free (ADF) or generalized least square (GLS). The characteristics of the data set used in this thesis, ordinal (with more than four categories), non-normal and moderate sample size, provides partial justification for using either of the above three available options. In absence of definite conclusions or generalizations in SEM literatures for using any particular method over the other, the researcher has decided to use ML for analysis of the data based on the following three-fold justification:

First, in case of normally distributed categorical variables having more than four categories, continuous methods can be used with little need for concern (Bentler & Chou, 1987; Byrne,
The data set used in this thesis is not normal. However, the skewness is <2 and kurtosis is <7 for all variables (well within tolerable limits). Therefore ML can be used with little concern. Second, ML does not use $W^{-1}$ which is considered highly volatile or stringent (Byrne, 2001a) for small to medium sample size (which is the case in this thesis). Third, the scale used in this model for all independent variables are Likert’s five point scales. Byrne (2001) suggested using ML in AMOS if the ordinal data uses more than four categories.

**Criteria Used for Scale Validity and Model Fit**

The following criteria and associated cut off points have been reported and used to test the measurement and structural models in this thesis. Most of the criteria are set with support of Hancock (2006), Byrne (2001a) and Holmes-Smith (2010). Any other references used to determine scale validity and model fit are included in the Table 5.6.
Table 5.6: Criteria and Standards Used to Measure Scale Validity and Model Fit for CFA and Structural Model

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Cut-off Point for Acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach alpha</td>
<td>0.7 or higher (Yogt, 1999)</td>
</tr>
<tr>
<td>Squared multiple correlations (SMC)/item reliability</td>
<td>0.3 to 0.5 indicates that the item is a weak measure of the construct but adequate and 0.5 and above indicates that the item reflects the construct well.</td>
</tr>
<tr>
<td>Goodness of fit Index (GFI)</td>
<td>0.9 or above as a rule of thumb. Generally no specific cut off points are strictly recommended, however, the higher, the better (Joreskog &amp; Sorbom, 1984).</td>
</tr>
<tr>
<td>Comparative fit index (CFI)</td>
<td>.90 or higher (Hu and Bentler, 1999)</td>
</tr>
<tr>
<td>Root mean square error of approximation (RMSEA)</td>
<td>Cut-off value is close to .06 (Hu and Bentler, 1999) or a stringent upper limit of 0.07 (Steiger, 2007)</td>
</tr>
<tr>
<td>CMIN/df</td>
<td>Range from as high as 5.0 (Wheaton et al, 1977) to as low as 2.0 (Tabachnick and Fidell, 2007). Value less than 1 indicates an over fit model.</td>
</tr>
<tr>
<td>P-value (associated to degree of freedom)</td>
<td>Above .05 for multivariate normal data (Barrett, 2007). However, as in this case the data deviates from multivariate normality, P value is not expected to be above .05 in all cases even when the model is accurately defined. In such cases, CMIN/df and other fit measures are used as alternatives.</td>
</tr>
<tr>
<td>P Close</td>
<td>0.05 and above</td>
</tr>
</tbody>
</table>

5.6 Hypothesis Testing

This section outlines the statistical models used for hypothesis testing. The purpose of the hypotheses is to determine the impact of the perceived HPWS on the supervisor rating of individual employee performances through the mediation of PE, ET and AC. The seven steps presented in Figure 5.1 have been used to test the hypothesised mediation model. A series of structural (i.e., regression) equations have been used to estimate the associations...
between the independent and dependent variables through the hypothesised mediation paths in the model. The direct effects of perceived HPWS on PE, ET, AC have been tested individually by conducting simple linear regressions in AMOS graphics. These tests indicate whether the perceived HPWS explains some of the variances in PE, ET and AC (Hypotheses 1(a), 2(a) and 3(a)). The mediation models were then tested for each individual mediator (PE, ET and AC) separately, using the bootstrap option in AMOS to identify the direct and indirect effects of perceived HPWS on individual performance. This step establishes the possibility of absolute or partial mediation effect. Then all mediators were introduced to the model step by step, and the results were recorded for each additional mediation path to compare the model fits. Finally a mediation model (including all structural paths simultaneously) was tested in AMOS using multi-group (Bank A and Bank B) moderation analysis (Preacher et al., 2007). The multigroup moderation test further revealed the variations in the mediation paths (Ng, Ang, & Chan, 2008) of PE, ET and AC, when the banks are used as moderator in the model. The model fit indices (Table 5.6) establishes the overall validity of the hypothesised mediation model.

5.6.1 Testing Hypothesis 1(a), 2(a) and 3(a)

SEM has been used to estimate parameters from the linear regression describing the relationship between perceived HPWS and PE, ET and AC. SEM technique minimises the difference between the matrix of sample variances and covariances and the matrix of predicted variances and covariances. The above matrices are generated from using a set of parameters that describe the causal model underlying the relationship amongst the variables (Holmes-Smith, 2010). In case of hypotheses 1(a), 2(a) and 3(a) a linear regression model has been tested individually for each dependent variable (DV), to determine the nature and
extent of the causal relationship between perceived HPWS and PE, ET and AC (using SEM and AMOS). The un-standardised weight shows the extent of change caused in dependent variables (DV) by a one unit increase in perceived HPWS (independent variable).

Standardised regression weight shows the extent of change caused in DV by a one unit increase in perceived HPWS. The ratio of parameter to standard error (critical ratio, i.e., CR) which is equivalent to a t-statistics test, and its associated two tailed significance levels (P) help test these hypotheses. The P values less than 0.05 indicates that the null hypothesis, i.e., the parameters are zero can be rejected. Therefore, based on the above estimates generated in AMOS output, it can be concluded that hypothesis 1(a), 2(a) and 3(a) are accepted if P<.05. All estimates generated in AMOS are presented in chapter seven.

5.6.2 Testing Hypotheses 1(b), 2(b), 2(c), 2(d), 3(b), 3(c) and 3(d) Predicting Partial or Full Mediation

A simple linear regression model linking perceived HPWS and supervisors rating of individual employee performance has been tested first to find out if there is any relationship between the IV (independent variable) and DV to begin with. The bootstrap option with 95% level of significance has been used to increase the power of the sample data for testing the mediation model of psychological empowerment in linking HPWS and individual performance. Both the full and partial mediation paths have been explored using bootstrapping option in AMOS to increase the power of the sample size (500 additional samples) and confidence level (95 percent). The two tailed significance levels (P value has to be less than .05 for a path to be significant) of alternative paths of direct and indirect effects show if the mediator fully or partially mediates the link between perceived HPWS
and individual performance. The detailed results and analytical procedure are explained in chapter seven (Table 7.9).

5.7 Ethics Issues

The Faculty Human Ethics Committee (FHEC) of La Trobe University has granted approval (Appendix-VIII & IX) to conduct this study under the guideline of University’s Human Ethics Committee (UHEC). The banks and the individual participants at all stages of data collection are guaranteed anonymity through the participant information sheet, consent and withdrawal forms (Appendix-II, III, IV). Therefore, generic position status (like top manager) and citation (like BAT -1 for the first respondent from the Bank A top level managers) and generic titles for the divisions have been used to protect anonymity of the respondents.

5.8 Challenges and Limitations

Yin (1994) pointed out the danger of deriving biased findings from case studies. Other researchers (Bogdan & Biklen, 2003; Lincoln & Guba, 1985; Miles & Huberman, 1994) have also observed the importance of addressing the issue of bias as a major limitation in any study. Moreover, there is a possible danger of clash between the findings from different methods, especially in case of unplanned triangulation of different methods (Deacon et al., 1998). In cases like this it is very difficult to reach a conclusion about the propositions. To avoid such complications, facilitation (Brannen, 1992) instead of triangulation of different methods is selected as the research design here.
Selection of multiple banks for literal replication helps ensure construct validity and the reliability of the study (Yin, 2008). Adequate attention and care has been exercised in ensuring anonymity, customising data collection method according to the participant preferences, complimenting interview and focus group findings with observations and secondary data sources to analyse the qualitative data and verifying conclusions. In spite of the above precautions, the study is expected to suffer from minor response biases due to the following reasons observed prior, during and after conducting each stage of the research.

5.8.1 Lack of Understanding of the Procedure of Ensuring Anonymity among the Participants and Ensuing Analytical Bias

Many respondents were unaware of the strong ethical boundaries defined by the ethics committee and precautions taken by the researchers to protect anonymity. The context of the study (which was explored in Chapter two) is largely responsible for participants’ concerns about anonymity. At least 30 per cent of the respondents at both case study sites were clearly reluctant to volunteer any answer that was perceived as negative to their respective employers. Some of them even expressed their concerns off the record (noted in field observation report). This is another reason, which prohibited the researchers from relying heavily on a NVivo report (due to positively biased responses). The researcher has also taken into account that “some subjects are more willing to talk, have a greater experience in the setting, or are especially insightful” (Bogdan & Biklen, 2003: 62) during the qualitative analysis.

The same trust issues are evident in the case of the survey in Bank B. A number of respondents voiced their concerns about writing their department names and other
demographic information (like age, gender, and years of experience) as they suspected this information would reveal their identity despite the fact that the questionnaire was personally collected by the researcher in a closed envelope directly from the respondents and would not be shared with the HR staff at any time. Also, the demographic information was collected and categorised in generic terms and not in specific terms in the survey questionnaire to avoid such specific identification. Unfortunately there was no scope to explain these precautions to the respondents apart from the points clearly made in participant information form (Appendix-II & IV).

5.8.2 Common Method Variance (CMV)

Podsakoff et al., (2003: 885) observed that method biases are likely to be powerful in studies if both the predictor and criterion variable are obtained from the same person in the same measurement context using the same item context and similar item characteristics. Sackett and Larson (1990) concluded that 51 percent of all the studies appearing in major behavioural science and HR journals in 1977, 1982, and 1987, were subject to common rater biases. They also found that 39 percent used a questionnaire or interview methodology wherein all of the data were collected from the same sources. Cote and Buckley (1987) found that typical job performance measures contain an average of 22.5 percent method variance, whereas attitude measures contain an average of 40.7 percent.

The retrospective attitude and perceptions of the respondents is a major part of this study (Podsakoff et al., 2003). The consistency motif (Johns, 1994; Podsakoff & Organ, 1986; Schmitt, 1994), the consistency effect (Salancik & Pfeffer, 1977), illusory correlations (Smither, Collins, & Buda, 1989), implicit theories (Phillips & Lord, 1986; Staw, 1975) and
social desirability (Ganster, Hennessey, & Luthans, 1983) biases are most likely to affect the findings of this study. Therefore, the following precautions have been taken in this study to handle potential CMV issues.

All independent variables and some of the dependent variables in the survey instrument of this study are collected from the same source, i.e., perceptions of employees. The ultimate dependent variable, i.e., supervisor rating of individual employee performance represents the actual performance rating of the employees as appears in the company record. However, this record has been voluntarily disclosed by the individual respondents and not directly collected from the company record in order to honour the organisations’ privacy policy of treating individual performance records as confidential documents. Obtaining measures of the predictor and criterion variables from different sources is recommended to overcome most of the sources of CMV in behavioural studies (Podsakoff et al., 2003).

Conversely, the same authors acknowledged that it is not practically feasible to use multiple sources in all cases. Researchers examining the relationships between two or more employee job attitudes cannot possibly obtain measures of these constructs from alternative sources. They also acknowledged that attempt to do so could compromise the anonymity of the respondents or result in the loss of information. This may also require considerably more time, effort, and/or cost on the part of the researcher. The above reasons are all relevant to this research to some extent (Podsakoff et al., 2003).

Despite the above challenges, the researcher pursued the matter further to collect the individual employee performance records from the respective HR without violating the company policies that protect the anonymity of the respondents. However, the level of
cooperation required from the banks was not only time consuming, but also proved impossible for all practical purposes and was therefore denied by the participating banks.

It should be noted that ‘the supervisor rating of individual employee performance’ in this study were not perceived by the respondent like the other independent and dependent variables. The respondents voluntarily disclosed the actual rating reported to them by the HR department. There is no conceivable reason for them to be untruthful about this rating as the responses could not possibly be traced back to the respondent. If the respondent’s own perceptions about the HPWS and other variables were sincere, there is no valid ground for questioning the authenticity of their performance related information.

To ensure precision and to minimise the effects of consistency motifs, implicit theories and social desirability tendencies, another question needed to be added (based on the pilot study) to cross check answers about actual performance ratings. This added question involved a self-evaluation or self-perception of what their performance rating should be like. Participants were then asked why they thought that the supervisor rating varied from their own perception (if there was a variation). These two questions were added to clearly differentiate the question about supervisor ratings from participant’s own perceptions and also to provide them an alternative avenue to channel the consistency motifs. The added questions were not analysed for the purpose of this research. However, the responses were carefully examined by the researcher to ensure that no confusion was visible in how those questions were answered.

Moreover, due to the possibility that the respondents’ memory may not serve them adequately, the survey was conducted within forty days of their latest performance
evaluation in June 30, 2011. The other recommended ways to minimise the effects of CMV in behavioural/perceptual survey is to use temporal, proximal, psychological, or methodological separation of measurement (Podsakoff et al., 2003). Proximal separation of measurement was used here while collecting supervisor rating of individual performance. Both open ended and structured question were used to collect this data (questionnaire in Appendix-V). If in spite of all precautions CMV were to be observed beyond the acceptable thresholds, it could be treated statistically using Harman’s single-factor test (Podsakoff et al., 2003). The test result is presented in chapter seven.

5.8.3 Credibility, Internal and External Validity

Lincoln and Guba (1985: 301) suggested triangulation among other techniques to establish credibility in research. Triangulation is widely recommended (Bell & Cowie, 1999; Bogdan & Biklen, 2003; Freebody, 2003; Lincoln & Guba, 1985; Miles & Huberman, 1994) to solidify conclusions through cross-checking by using multiple data sources, researchers, theories or methods (Patton, 1990). Triangulation in this investigation has been done through the use of multiple sources. According to Yin (2008), selecting two or three case study sites are adequate for literal replication. Moreover, reference to field notes (observation) and secondary sources of data (annual publications of BB, and financial reports and other publications from the participating banks) have been used to support findings generated by interviews to improve credibility and validity.
5.9 Summary

The five components of case studies according to Yin (2008) include questions, propositions, unit of analysis, the logic linking the data to the propositions and the criteria for interpreting the findings. Among the above five components, the study questions and hypotheses have been presented in chapter one and chapter four. This chapter has discussed the last three of the five components of a case study design.

A multi-method multiple case study approach has been used to study perceived HPWS in two banks selected based on their different levels of financial performance and history. A qualitative phase facilitated the development of the quantitative phase of the study. The unit of analysis for the case study is at the organisation level. A thematic approach has been used in the qualitative study to analyse the data. The qualitative findings then facilitated the instrument development and interpretation of the subsequent quantitative findings. A mediation model has been tested using SEM in AMOS 18 in the quantitative phase to answer the relevant research questions and hypotheses. A multi-group moderation test has been used to compare the results across the case study banks in order to explore the impact of context on the proposed causal relationships.
Chapter Six

Qualitative Research Findings

6.0 Introduction

The objective of the chapter is to present the qualitative findings from two case study sites. The chapter discusses the objective of the qualitative phase in the light of the research questions. The chapter also establishes the link between the research questions, qualitative research instrument and the major themes derived from the findings. The findings from both case study sites have been presented in this chapter according to the interview schedule. Then the chapter discusses how the qualitative findings inform the quantitative phase and facilitate the development of the quantitative instrument.

6.1 Research Questions and Major Themes of the Qualitative Phase

The qualitative phase of this study has been designed specifically to address the first two research questions. The third research question is more specifically answered by the quantitative phase of this study. However, the qualitative findings are expected to provide some basic understanding of employee attitudinal outcomes and expected behavioural outcomes in the case study banks in Bangladesh. The research questions and the major issues (potential themes) emerging from them are presented below which facilitates the development of the qualitative instrument and analysis of qualitative data.
The first research question

Q1: In what ways do internal, socio-economic, cultural and political factors shape high performance work systems in the banking industry in Bangladesh?

The objective of the first research question is to form an understanding of the following themes:

External Context: Impact of the socio-economic, cultural and the political context in shaping the use of HPWS in the case study banks in Bangladesh.

Internal Context: The mission and strategic direction of the case study banks, and their interpretations across managerial hierarchy in terms of expected outcomes.

The second research question

Q2: How is HRM understood, interpreted and practiced across the management hierarchy in the banking industry in Bangladesh?

The objective of the second research question is to highlight the following theme:

HR strength: The HR strength/climate of the two participating banks in Bangladesh (based on their shared perception of the distinctiveness, consistency and consensus about HR systems in effect) have been investigated (Bowen & Ostroff, 2004). An insight into the HR strengths of the case study banks is expected to help customise the composition of the perceived HPWS construct with appropriate justification. This also offers an understanding of internal contextual similarities or differences across the case study banks.
**The third research question**

Q3: Do employee perceptions of high performance work systems impact their affective commitment, trust and psychological empowerment and subsequent ratings of employee performance?

The third question is more specifically addressed by the quantitative phase of the study. However, the qualitative findings may help form an understanding of the following theme:

Expected outcomes: The HR outcomes in the case study banks (that may potentially define the performance outcomes) are expected to emerge voluntarily from both the qualitative responses and the observations of the researcher.

The interview schedule was developed based on the major queries underlying the three research questions (as stated above). For example two major themes that emerged from the first research question are external contextual factors and internal contextual factors. Interview schedule questions 1, 2 and 3 were aimed at answering the first research question. Subsequently, certain subthemes emerged from the recursive abstraction of qualitative findings under the above major themes. Figure 6.1 presents the link between research questions, themes that finally emerged from the qualitative findings and the associated instrument items (questions in the interview schedule). Due to the semi structured nature of the interview protocol, some of the questions helped answer more than one line of queries.
Figure 6.1: Research Questions and Themes Emerging from Qualitative Findings

**RESEARCH QUESTIONS**

Q1: In what ways do internal, socio-economic, cultural and political factors shape high performance work systems in the banking industry in Bangladesh?

Q2: How is HRM understood, interpreted and practiced across the management hierarchy in the banking industry in Bangladesh?

Q3: Do employee perceptions of HPWS impact their affective commitment, trust and psychological empowerment and subsequent employee performance ratings?

**MAJOR THEMES**

- External Context
  - Political and legal forces
  - Global forces
  - Socio-economic forces
  - Technological forces

- Internal Context
  - Corporate restructuring
  - Shift in business focus, delayering
  - Corporate strategy

- HR strength/climate
  - Expected HR outcomes
    - Distinctiveness
    - Consistency
    - Consensus
    - Perceived HPWS

- Information Volunteered
  - Emerged/extracted from overall responses and observations

**INTERVIEW SCHEDULE**

- Interview questions 1, 2
- Interview questions 2, 3
- Interview questions 6-17
- Interview questions 16, 18-20
- Interview questions 11, 21, 22
- Interview questions 6, 8, 9, 23
- Interview questions 4 & 5

Emerged/extracted from overall responses and observations.
6.2 Interview and Focus Groups Findings

This section will present the interview and focus groups findings under four major themes: External and internal contexts, strength of HR, expected HR outcomes and important information volunteered by the respondents.

6.2.1 External and Internal Contexts

This section contains two major themes: external and internal context of the case study banks. The external context has been discussed together for both bank A and bank B as these factors are common to all PLCBs (Private Local Commercial Banks) in Bangladesh. However, the discussion of the internal contexts has been presented separately for the case study banks.

External Factors with HR implications:

The external factors with HR implications can be categorised in four sub-themes based on the qualitative findings. The themes are comprised of political and legal factors, global factors, socio-economic factors and technology.

Political and legal forces:

The regulatory bodies (especially Bangladesh Bank) play an important role (both directly and indirectly) in deciding HR practices in banking sector in Bangladesh specially skill requirement and recruitment policy. One of the top executives from Bank B (BBT-7) stated,
“There are too many regulators. Especially we are under two regulators. One is Bangladesh Bank (BB), and another is ACC (Anti-Corruption Commission widely known as DUDAK). These two regulators are observing our every move. And we are accountable to them”.

Another top executive from Bank A (BAT-1) stated:

“In 1987 world bank (WB) took Financial Sector Reform Project (FSRP) and Central Bank (CB) introduced standard evaluation system for loan’s asset quality and identifying bad entrepreneurs. CIB report with credit history of the client was made mandatory for all loan applicants. This helped banks to discard bad applicants.”

The above statement of BAT-1 referred to the FSRP programme that was constituted by the Government of Bangladesh in 1990s to implement reform measures under the Financial Sector Adjustment Credit (FSAC). FSAC was recommended by World Bank Consultative Mission, which constituted a wide range of banking reform measures. FSAC classified banking sector inefficiency into four distinct groups: Economic, Prudential, Institutional and Legal. FSAC identified flexibility and forbearance in terms of ensuring effective enforcement of prudential regulations (such as capital adequacy, loan classification etc.) as one of the major source of inefficiency. Weaknesses in relation to loan screening and supervision were also a key governance problem. A very weak management information system has also been identified as a major source of inefficiency. Finally, the loan default problem was perpetuated because of the delays and inadequacy originating the legal system.
The World Bank (through the FSAC) recommended gradual deregulations of the interest rate structure with a view to improving the allocation of resources, adoption of an appropriate monetary policy, improvement in the debt recovery environment and strengthening of the capital markets among others reform objectives for banking sector. A FSRP office was instituted at Bangladesh Bank (BB), however the project was terminated and replaced in 1996 by the Banking Reform Committee (BRC). The BRC submitted its report to the government in 1999, reflecting the above recommendations (Chowdhury, 2002; Sharma & Zeller, 1997).

The participants from both case study banks mentioned that the above reforms have (to a large extent) successfully dealt with the loan classification issues in 1980s (as discussed in chapter two) in Bangladeshi banks. These reforms have put emphasis on market oriented and compliance based banking services, which effectively changed the vision, philosophy and work culture in PCBLs. Recruitment and selection, performance based rewards, and continuous training and development have become the mark of a successful bank since the late 1990s as a by-product of systematic financial sector reform projects. The banks are governed by the labour laws and the company act, and must structure and operate within that framework. These laws have direct impact on structure, work environment and wage.

**Global forces:**

The last statement of the top executive from Bank A (BAT-1) indicates the involvement of WB (World Bank) in regulating banking sector in Bangladesh through CB (Central Bank). International regulatory bodies has direct and indirect effect on compliance issues
especially related to import-export and foreign exchange (FOREX) dealing which eventually has impact on job description, training and development and job specification.

The same top executive from Bank A expressed the effects of globalisation on Bangladeshi banking sector and HRM:

“After independence (in 1971), banking sector got a boost when government gave permission to private banks in 1980s. HR was not visible up to early 90s. Private sector banks gradually picked up the best practices and adopt real HR practices due to globalisation and opening of the markets. The private sector banks took the first initiative in Bangladesh to learn from developed countries HR practices.”

**Socio-economic forces:**

Intense competition in the skilled labour market (due to government permissions granted to new banks over the years) has put extra pressure on existing banks to offer extra benefits, inflated salaries and pay raises, and accelerated promotion to retain employees and motivate the workforce. A top manager from Bank B (BBT-4) stated:

“Well the total banking industry has been developing in our country to a great extent and during the last couple of years so many banks have come to this industry. There is a fierce competition between the banks. And previously most brilliant students would not come to this sector they used to go to the BCS (Govt. jobs) or they used to join the University or people with business background used to join the multinationals. But now the focus has turned to the banking industry to a great extent. You will see that from the institute of bank management or that is IBA-institute of Business Administration (top business school in
University of Dhaka), a good number of boys and girls are joining in banks. So there is fierce competition among the banks; they are trying to attract and retain very brilliant boys and girls. That’s why if the HR policy is not that attractive then they will fail to retain them. So they are bound to focus on HR policies.”

The above trends in the labour market have direct and indirect impacts on recruitment and selection policy, job quality and satisfaction, motivation, retention or commitment, empowerment and the expected and actual HR outcomes in banks. A qualified workforce requires better training and development opportunities, performance based reward policy and empowerment. The top management, especially of Bank A expressed how challenging it has been for HR to secure and retain a highly skilled employee.

**Technological forces:**

Technology such as ATMs, computers and networking, telecommunication and so forth have posed new challenges and created new opportunities for the banks. This is specifically demonstrated in initiatives for training and development, managing redundancy, rightsizing, de-layering and restructuring in the banking sector. A top manager from Bank B (BBT-4) explained how new technology is linked to competition and HR practices:

“since the competition is fierce and the banking in 70s or 80s are no more there, banking is very much technical, high-tech and highly service oriented these days and we are trying to compare ourselves with foreign banks since there are a couple of foreign banks in our country. So if you get service from a multinational bank, you will develop a standard and we know that standard. So the local banks are trying to reach as much as possible to that standard. So, to ensure that they have no other way but to attract brilliant boys and girls.”
Therefore, technology has had an impact on HR practices such as recruitment and selection and training and development. New technologies such as ATMs and internet banking may also minimise the demand for unskilled/semi-skilled employees at the bottom. Experienced but traditional bankers who may be unable to cope with new technology are becoming redundant, while new techno savvy recruits are looking at accelerated promotion. Performance based reward system would support such HR practices. However, this could prove to be counter-productive when the fresh and technically smart but inexperienced managers have trouble handling the responsibility at higher managerial positions. HR heads have mentioned that a number of high performing junior to mid level managers suffer from job dissatisfaction as they were used to receiving accelerated promotion early in their career. However, they are easy to get demotivated and dissatisfied when they fail to perform in a higher management position. Usually these employees move to a new bank to enjoy a quick promotion. According to the top management, the above trend is spoiling the labour market with undue expectations in terms of pay equity and empowerment.

**Internal Factors of Bank A:**

The following internal factors seem to have influence on the HR systems of Bank A.

**Corporate restructuring and HR division:**

The HR department is new to banking industry in Bangladesh, and like most of the banks (in Bangladesh), Bank A used to have an administration division separate from its personnel division that would handle HR issues within the limited functional areas (such as paperwork for hiring, firing, promotion, training and transfer). Therefore, the HR division is ill equipped to implement or even initiate sophisticated or updated HR practices.
Most respondents from Mid to Junior management level expressed that the HR division needs more professional HR expertise. In absence of a more technically equipped HR division, even the good policies are not being properly implemented according to the respondents. In contrast, the top management on the other hand is content with the division’s performance with further scope for improvement. However, most of the participants in Bank A believed that there are banks that have worse HR practices than Bank A.

One of the top executive’s (BAT-1) statements explains the changes initiated in HR division’s activities,

“Management and board tried to develop quality HR and retain them for longer period. Bank focused on recruitment of freshers that can be moulded to the objective of the bank and take up future leadership. So you will see that most of the bankers in key position are young and started in this bank. The bank suffered in 2003 and 2004 in terms of employee turnover due to comparatively non-competitive compensation packages and the admin was not ready to hire in two different levels of entry positions. The anomalies in hierarchy have been eliminated and last year, compensation has been increased. For last three years performance based compensation is practiced. Profit bonuses are no longer flat rate but performance base to keep the key performers. Planning to make the compensations performance based next year.”

**Shift in business focus, delayering and ensuing commitment issues:**

The importance of collateral security has reduced substantially in the banking sector and has been replaced by credit history and determining the capabilities of borrowers to run
their venture successfully. This change came as a consequence of bad debt culture that plagued banking industry in 1980s. Collateral failed to ensure repayment and avoidance of subsequent loss. This shift in banking philosophy has changed the banking operation substantially by shifting focus from corporate to retail banking. Consequently, the credit market has been transformed from a buyer’s market to a seller’s market. Due to fewer corporate borrowers, the banks used to compete fiercely in terms of service and lending rates to retain corporate client, whereas (in retail lending) the large number of available clients and their small credit profiles make it a seller’s market. This shift has increased the manpower requirements in the banking industry at the junior level in absence of sufficient automation to support this change implementation.

Moreover, many mid-level managerial positions became redundant which made the promotion slower at mid-level due to lack of available positions after de-layering. This has created motivation problems among the mid-level managers who were constantly trying to move to new banks or public sectors for either promotion or job security. The participants mentioned that despite the lack of commitment among the employees, they generally demonstrate higher performance, suggesting the recruitment and selection process in Bank A is excellent. Therefore, it can be concurred that the self-motivated employees perform well as long as they stay in the organisation to create good personal reputation in the job market. However, this issue has created additional strain on motivation, retention and succession planning.
One of the top managers in Bank A (BAT-6) suggested,

“Attrition at lower level is higher. Then HR had the policy that they will recruit mediocre students but during recruitment they could not stick to that policy and kept on recruiting higher quality people. Then ultimately the MT (Management Trainee) or junior officers, those that are recruited with the screening process of diamond, they get better opportunity like government cadre or go away next month no matter how much we try. For telephone operator and cashier only, this time we took BBA (Bachelor of Business Administration) graduates for junior officer positions. They (HR) are not compromising regarding selection criteria. There is service interruption as the operators/cashier/junior officers are leaving and new ones are coming in. That interrupts the services and customers. To prevent that mediocre candidate should be recruited at certain levels.”

The above statement indicates that there is lack of commitment among junior high performing officers. However, since the top manager claims that the organisation and top managers try their best to retain them it could be that those junior officers probably display high level of job performance (as long as they work for the organisation) despite their lack of commitment.

**Corporate strategy:**

Bank A has the corporate strategy of internationalisation. They have already located some representative offices abroad and consequently would need to hire highly skilled and developed manpower to support that vision. They may also be prepared for recruiting from the host country or for providing additional training to the existing workforce. New
technology and expertise may be required along with updated succession planning, which is lacking at the moment according to most of the respondents.

A top executive from Bank A (BAT-1) stated:

“Corporate philosophy is to serve the country, economy and to get the larger population access the banking services. And to be best private bank in terms of capital adequacy, management and maintain the best liquidity, growth and volume of business, profitability ratio and earnings per share.”

The corporate philosophy has an impact on extending the banking services through product innovation and expansion through latest technology and new branches. This requires high skilled human resources in mid and top-level management positions, while ATMs and online banking can replace laymen jobs. However, high quality recruits require empowerment and systematic HR practices (such as the performance base incentives, training and development, self-managed teams etc. that are offered in a HPWS).

Internal Factors of Bank B:

The following internal factors seem to have influence on the HR systems of Bank B.

Corporate goal and strategic direction:

Bank B has a similar vision and mission as Bank A (in terms of the performance in local market). The top executives also expressed their vision to expand internationally. The only difference being that Bank A is already number one in the local market and has started to
expand their activities internationally, whereas Bank B is still struggling to consolidate its position in the local market at this point.

One of the top executives in Bank B (BBT-1) stated,

*Those values and goals are embedded in the very basic activities that we do. We want to be a world class bank, a bank of choice and the bank that provides the best customer services. We want to provide those services at a competitive price and in doing all these; we want to make sure that it makes a difference in people’s lives. We also want to make it convenient for our clients to do banking with us. That would happen over a period of time, not in a short time. ‘Bank of Choice’ is if we provide a quality service at a competitive price, people would prefer to come to us, they would choose us. World class, that is a bigger goal. First, we have to be the best in the market. I think when you would plot in terms of the financial performance measures; clearly we would not be in the ranks with the biggest banks of the world, but in terms of productivity, hopefully we would be there.*

One of the branch in-charge in Bank B (BBT-3) described the corporate goals as follows:

“Basically there are three goals. Number one is, ‘To be one of the best banks of Bangladesh’. Then ‘Truly world-class bank’ and ‘Bank of choice’. Basically these three core values, these are our philosophies. And we are strengthening all our efforts toward these three Vs.”

When he was asked, “If you say that you want to be the best bank, or bank of choice, then what do you need to do?” He answered:
“We need to strengthen our human resource first. We shall have to get experienced, bright, young officers in order to achieve these goals.”

The HR implication for Bank B is that they need to recruit more qualified employees and improve the existing ones through training and development and team work.

BBT-7 stated, “As one of our visions is, to be ‘Bank of Choice’, this means it will be a beautiful bank of choice to customers. And for becoming bank of choice to customers, we are doing a lot, we have developed our standard of service, in terms of depositing money, withdrawing money, getting loans.”

Most of the participants have knowledge of the three Vs mentioned above. The interpretation was not very easy for most of the respondents. The bank is relatively new compared to Bank A. It was undergoing a transition in terms of new leadership, restructuring and process reforms during the course of interview. It is evident that the mid-level and junior managers do not have clear idea about the ways to achieve the three Vs.

It is concluded that Bank B is following an expansion strategy and is trying to implement centralisation (which a few other successful banks have used effectively). In this new system and structure, the branch activities will be kept to a minimum (almost like a sales outlet) and head office will take care of most activities (like documentation, trade services and disbursement). A mid-level manager in Bank B (BBM) stated the impact of centralization strategy on HR decisions and subsequent attitudinal reflection of the employees,
Our bank is trying to be centralized. A little process has been started. For this, what we are doing? Though we have 54 banks in the market. We are recruiting people from CB (City Bank) and EBL (Eastern Bank Ltd.). Because they have the centralizing experts. That’s why we are taking from them. Total concept is different. That’s why since market is shrinking, we have found the option, Standard Chartered Bank. We cannot afford that. They are too much expensive. EBL and CB, they are recruited now, but with better amount. Say, I am a SO (senior officer), I am getting Tk.30, 000 (In Bank B). A SO rank person in City Bank is getting Tk 60, 000. Yes, when ten SO are getting Tk 30, 000 and one SO is getting Tk 60, 000, automatically there is dissatisfaction.

The obvious benefit of centralised banking is business risk minimisation, which leads us to the next point. It is worth mentioning that this shift in corporate direction has a direct effect on empowerment, recruitment and selection, differential pay structures within the same rank and the consequential lack of trust and sense of inequity among the existing employees. Curiously enough, employee commitment was said to be unaffected by this trend, as most of the existing employees were not recruited through rigorous and selective procedure, and therefore do not have better opportunities in the job market. Employees cannot afford to lose their jobs and therefore their lack of motivation is not exactly translated into lack of affective commitment.

6.2.2 Expected HR outcomes

This theme focuses on the expected HR outcomes and performance outcomes from the employees. The responses from the participants help develop the structured questions related to the attitudinal and performance outcomes in the quantitative instrument.
**Expected HR and Performance Outcomes in Bank A:**

Leading banks have gradually been undertaking a successful restructuring of banking operations - from branch banking to a centralised banking system. Many of the experts at Bank A are keenly observing this change in order to follow with similar strategy. This means credit operations will be highly centralised, and all decisions shall be made in the head office. The branches will operate as sales outlets only. This change is expected to minimise credit risks as the head office will directly contact with the client and make a more accurate assessment of the borrower’s financial viability. This is going to change the job description and specification of bank employees significantly. It may actually solve some problems and pose new challenges for the HR management as per the opinion of the HR experts in Bank A. The potential HR problems may involve delayering, job cuts, training and development, change management and so forth. However, most employees seem to believe that this move may effectively reduce risk if implemented properly.

A top manager from Bank A (BAT-3) has explained the expected HR outcomes as follows:

“The nightmare of high risk lending during 1980s has made ‘acquiring risk free or low risk business’ a major performance outcome expected from the employees in banking sector, especially in Bank A at the end of 1990s. Many other banks are also competing to attract the low risk clients from the market for their major lending services. This new strategic direction had immediate HR implications in terms of restructuring, downsizing and consequent policy changes in recruitment and selection. More systematic recruitment and selection process targeted smart and dynamic business graduates through highly
competitive selection process which largely replaced the traditional informal or loosely administered recruitment and selection procedure.”

Risk minimisation and compliance are perceived as a very important performance outcomes at Bank A. However, performance focus varies depending on the specific business unit’s objectives (at Bank A). One of the top managers at a major branch (BAT-7) stated,

“Though under my supervision, we are in a profit centre. In banking industry there are two kinds of activities, some are profit centres and some are service centres. We are directly a profit centre. Our main goal is to maximise our profit by way of earning the satisfaction of our customers and I always expect from my subordinates and fellow colleagues that they extend their best services to customers and in this way they earn substantial profit and meet our annual target.”

Therefore, it seem fair to argue that superior customer service and risk management through compliance are the major expected HR and performance outcomes for Bank A.

**Expected performance outcomes in Bank B:**

In Bank B, most participants identified customer service and risk minimisation or compliance as their expected performance outcomes from employees. When they were asked to break this down they mentioned subordination or followership, discipline, communication, a smart and professional outlook, and less absenteeism to be the major criterion for evaluating their subordinates. One of the top executives (BBT-5) stated the following regarding the expected outcome from the employees:
“The first work of HR, that is continuous motivation. By change, I mean change towards betterment, change of culture, change of mindset, improve our knowledge, continuous improvement attitude, not only coming to the office, doing work and leaving as soon as the office hours over. They need to be self-motivated. This is what we need our people to understand. Our responsibilities, our risks, our goals, what the top management think about the bank, employees should learn that and act accordingly….. There are two kinds of behaviour. One is professional behaviour, the other is personal behaviour. In terms of personal behaviour, we should follow our local culture. In terms of professional behaviour, they should be very professional.”

A branch manager from a significant branch of Bank B (BBT-7) stated the following facts regarding the performance evaluation criteria he personally uses to rate his employees,

“Only the one criteria, that is the improvement of service standard. If we can improve our service standard, customers will be attracted. In our bank, there is a particular system of evaluating the officers and executives, that is Annual confidential Report. There are many criteria to fulfil. There are 23 criteria to measure the performance of executives and employees. Dealing with the customers’ is the most important. Conduct with juniors, conduct with superiors, conduct with customers, how to manage the customers etc. Most of the customers never complain. But there are some customers; they do complain to me that the officers concerned did not behave properly. I am vigilant enough. In the banking hours, I go to the banking floors to observe. Officers become willing to serve the customers as there are seniors/superiors standing/roaming around. It is also measured, how many customers they are handling.”
Findings from Bank A and Bank B Regarding Expected Performance Outcomes:

It is worth mentioning that the actual performance measurement in both banks is undertaken based on certain objectively quantifiable criteria (such as target fulfilment, absenteeism, customer service, compliance to policies, codes of conduct and regulations, professional qualifications/skill development) and certain subjective criteria (such as self-motivation, leadership, and communication skills). However, in reality performance ratings predominantly reflect demonstrated subordination to the superior executives (personal conduct), or lack thereof (informed predominantly by mid-level and junior managers). In Bank A most of the mid-level and junior managers mentioned that personal networking with powerful people (both internal and external) is essential to get a good performance rating.

Although the two case study banks were primarily chosen based on their A+ ranking in the BvDEP Indep. Ind. to ensure managerial autonomy, an interesting point has been raised by a number of participants at each bank. It has been named the ‘salam culture’ by some participants. Especially the junior executives who never sit in on board meetings and cannot recognise the primary shareholders or all of the senior executives, may consequently inadvertently not greet these people appropriately (with a respectful ‘Assalamu alaikum’) when they come across them. ‘Assalamualaikum’ or ‘salam’ is the Islamic way of greeting people in Arabic. In the Bangladeshi culture (Bangladesh has a predominately Muslim population), seniors, ranking officials or people from higher positions traditionally expect such greetings from younger or lower ranking groups. Not being able to offer ‘salam’ is a sign of disrespect. It was mentioned that a number of executives have been warned informally for not being able to comply with this tradition, and that is perceived to have had
an effect on their performance evaluation. Although, many other employees mentioned that this tendency is minimal at these two banks, as their board of directors are the most reputed in market for their non-interference in managerial issues. However, the personal respect shown to the superior/manager is still considered an important informal performance evaluation criterion.

One junior executive in Bank B (BBJ) mentioned that what he does in his personal life has affected his professional evaluation which caused him stress; he referred to it as ‘the gossip culture’. The general lack of trust in the legal system of the country prohibits the scope to challenge any wrongful termination, discrimination or harassments. Therefore, the only viable solution to these types of conflict is to walk away and move on to another bank. All the above issues (raised voluntarily by the participants) may affect the objectivity of the supervisor performance ratings that have been used as the major dependent (and directly observed) variable in the quantitative study. Therefore, the above facts may influence the statistical findings (as biases).

6.2.3 Strength of HRM

This section presents the findings from questions 6 to 23 along with the respective interpretations that help inform how HRM is understood, interpreted and operationalised across the managerial hierarchy in Bank A and Bank B. Any visible differences in the perceptions of three levels of managers (top, middle and junior) have been highlighted (if applicable).
**Distinctiveness (‘HR visibility and coverage’ from question 6):**

The answers from question six of the interview schedule helped to define the range and coverage of visible HR practices. The following section summarises the findings from across managerial hierarchy from both banks.

**Findings from Bank A and Bank B:**

In both banks the following HR policies and practices were perceived as visible at different levels of the managerial hierarchy: Recruitment and selection, training, counselling and development programs, motivation and leadership, compensation, performance management system, promotions, transfer and posting, succession planning and grievance handling.

The result shows that the top executives could highlight a number of HR activities. The mid-level managers mentioned only a few HR activities as visible, and the junior managers were somewhat more aware than the mid-level managers. The top executives’ interviews include the responses of the Head of HR from each bank. Therefore their responses are expected to include greater number of HR activities. The junior employees seem directly exposed to or affected by many HR activities than the mid-level managers.

The HR head of Bank A has stated,

“Recruitment, training, disciplinary action, compensation policy, provident fund and gratuity are all visible HR practices. But recruitment and training is most important.”
BAT-1 stated,

“Starts from recruitment, training and development, motivational efforts are prominent. Profit bonus, employee welfare programs to help employees in contingencies, employee house building loans, counselling for underperformers. No special post for that but branch head do that in head office division heads do that. HR head also counsel if needed”

Most of the other respondents from Bank A pointed out that recruitment, pay policy and training as important HR practices. Some other participants mentioned teamwork, improving employee motivation and moral (leadership), fair performance management, succession planning as important HR activities in Bank A.

Most of the participants in Bank B also mentioned the recruitment and selection, training and pay policies to be the most important HR activities. However, they did not imply that they actually perceived the current practices as satisfactory. The internal and external equity in pay policy seem to be an important HR issue to ensure loyalty and performance in both banks.

A top executive in Bank B (BBT-3) stated,

“Most important HR policy is pay and allowances. Pay and allowances attract good employees. Sometimes it compels the good employees to go out. And depending on the Pay and Allowances, the employees going out and coming in depends on it.”
BBT-1 stated,

“The ones that measure performance on an ongoing basis, which should be periodic and it should be done in a manner that is objective. Of course in any evaluation, there would be a subjective element, that should be utilized. Hopefully, we would have certain benchmarks, wherever its possible, especially in the sales areas, that we have to the appropriate yardsticks, to measure the performance of the employees. Other policies relate to creating a very conducive environment, where everyone can work in a manner that they consider to be free and open, they can exchange ideas, clearly follow the goals that bank has set at the corporate level and at the departmental level. At the same time, have the confidence that of they differ, to air those views. The other is a good recruitment policy.”

From the above findings, it is concluded that a wide range of HR practices are visible in both organisations, which increases the distinctiveness of HR activities. However, it is less distinct among the mid-level managers. At mid and junior management levels, visibility and coverage of HR functions is somewhat higher in Bank A than in Bank B (in terms of exposure to HR visibility). This does not qualify as a significant distinction between the two banks, however it helped the researcher select the HPWS measures used for the quantitative study.

**Distinctiveness (visibility) and consistency of HR massages (covered by question 7):**

The answers from question seven of the interview schedule helped define the coverage of visible HR practices and consistency of HR messages received by the employees at different levels. The following section summarises the findings from across managerial hierarchy.
Findings from Bank A and Bank B:

Bank A: Most top executives believe that HR practices are uniformly and fairly applied to all employees. However, a few top managers admitted that it couldn’t possibly be perceived 100 per cent fair by everyone. A number of mid-level executives said policy has improved but same old practices are going on. Most of them said that implementation is not uniform and fair although policies are usually well written. Selecting 10 per cent excellent workers during evaluation is not a fair practise. Most of the junior managers answered negatively to this question. Inequitable promotion and delayering strategy is unfair to senior employees (those that are recruited before the new strategy came into effect) as per majority opinion. Such practices include merging the SEO (Senior Executive officer) and EO (Executive Officer) positions. Previously, an employee had to go through several hierarchical positions to become the SEO (at least six years). Currently (during the period of data collection), due to the delayering, new employees get the opportunity to be the SEO in two to three years.

One of the mid-level executives (BAM) stated,

“No I think it is no always uniformly and fairly practiced. In recruitment their policy is duel. Sometimes they call application through advertisement and select in very proper and fair way. And sometimes they are recruiting some people those who are not coming in proper way, through either nepotism or reference cases and in this way both kind of people are appointed in different levels and most of the cases it is found that those who are coming fairly they are sometimes facing problems because they did not pass their own views to the management directly or any other pursuits about their needs grievances etc. At the same time those who are recruited with references they express their all kinds of desires to the
top management and because of reaching the management they can easily ensure (secure) their demands."

Bank B: Most of the employees in Bank B did not think that the HR practices were fair. However the top executives tend to think they are trying their best to maintain fairness. Just like Bank A, most mid-level and especially junior employees are not satisfied with the practices. However some of the midlevel and junior employees in both banks verbally answered positively while their expressions showed clear intentions to answer differently.

One of the mid-level executives in Bank B (BBM) stated,

“I don’t think it is uniform at all. There is some discrimination. In the same post, some one is getting higher pay package than the other. It creates great problems, frustrations.....If you hire an extra-ordinary person with higher package, then okay. But usually you should have a uniform package for all of the employees so that everybody should be motivated and enthusiastic.”

A top executive in Bank B (BBT-3) stated,

“Well, not always( fair). Sometimes those who lose the promotion, they think that they are not fairly treated and who gets a promotion, they feel they deserved it.”

Another mid-level manager (BBM) said, “We have a so-called appraisal form. I am talking about last management. All the staffs of the principal branch got promotion within a year. Though our policy is two years. Do you think every staff actually deserved that promotion? It all happened because of the manager.”
A top executive (BBT-4) said, “They tried their best to be fair. But hundred per cent fairness is not possible in our society.”

Interpretations of findings:

Uniformity and fairness in implementation of HR practices increased the consistency and coverage. Coverage of employees (that is, uniformity at different levels with consistent HR practices) helps increase visibility. In Bank A the top executives have split opinions about this issue. Most mid-level executives answered negative and 100 per cent of the junior managers are in agreement that uniformity and fairness is not ensured in Bank A. The obvious mismatch observed between verbal and non-verbal expressions to this question leads the interviewer to assume that some of the respondents from both banks hesitated to give a negative answers at least while they are being recorded, despite the assured anonymity. The overall shared opinion about these issues clearly shows that neither Bank A nor Bank B is very strong according to this indicator of HR strength.

**Distinctiveness (Range of visible HR practices and coverage) and contribution to HPWS measure (covered by question 8):**

The answers from question eight of the interview schedule helps define the range of visible HR practices and coverage, complimenting. This question also confirms the answers from question 7, to ensure reliability. These answers also suggest a number of HR practices are perceived by the respondents as HPWS in their respective context. The following section summarises the findings from across managerial hierarchy.
Findings from Bank A and Bank B:

Bank A: Top executives emphasised on improving and ensuring proper succession planning, retention policy, IT facilitated objective performance evaluation and hiring an HR professional to facilitate policy reforms. The mid level managers emphasised making performance evaluation non confidential to ensure transparency. The junior executives emphasised on training. They also emphasised on monthly discussion with others to develop banking knowledge and job rotation between Branch and Head office. HR contents and how HR is implemented should also be monitored according to this group of executives. Performance evaluation should be done objectively based on individual development. Employees must be made aware of the HR manual and about the HR systems. They recommended the use of mystery shoppers in all branches and head office, as well as evaluation from customers.

Bank B: Top executives of Bank B recommended a change in recruitment policy, more competitive pay packages, bonuses and other incentives. One of the mid-level executives (BBM) said:

“Actually the HR out here hasn’t given us any specific guidelines, suppose in what way I can get a promotion. If you talk about training, they do give us trainings; two-day, three-day trainings, but we need more important and credible trainings. Say, I am holding a desk, besides giving me present issues; they have to send to trainings that deal with up-to-date issues, future issues. So training is there, but not up to the mark. The personal appraisal also has a traditional approach. It’s really tough to differentiate people........Branch is sending proposal. My branch is sending ten proposals; his branch is sending five
proposals. Criteria and everything is same, All same, there is no differentiating process. That guy deserves promotion this year; it’s very difficult to judge.”

Most of the mid-level executives appear to agree with the above opinion, although they tried to put these facts in kinder words. However, some of them gave an answer (like ‘no scope for improvement’) that can be observed as insincere by the interviewer, due to the non-verbal expressions of the participants. The possible reasons behind such insincerity are analysed in the observation notes.

The junior executives also emphasised on all of the above issues. However, they were more focused on maintaining nine to five work schedule (especially, female participants), competitive pay packages, differential payment system, promotion policy and training. The junior managers (in both banks) were more open and interested in discussing different issues compared to most top and mid-level executives. However, at Bank B some of the junior executives appeared to be insecure and therefore were cautious in answering the questions.

Interpretations of findings: These responses imply the future extension possibilities of HR practices. This also helped the researchers identify the measures for the HPWS appropriate for the banking sector in Bangladesh. The final list of HPWS selected for the quantitative part and the method of selection is discussed at the end of this chapter.

**Distinctiveness Based on Visibility and Understandability (covered by question 9)**

The answers from question nine of the interview schedule helps define the coverage and understandability of visible HR practices across managerial hierarchy based on the
effectiveness of HR communication. The following section summarises the findings from responses.

**Findings from Bank A and Bank B:**

Bank A: This answer explains if the HR policies and practices are properly communicated to employees to make them visible and if they are clearly understood by concerned employees. The respondents had split and mixed opinion about this. It was evident that more IT support is needed for prompt communication. Also a culture of reactionary effort to communicate should be replaced by proactive efforts to allow managers to participate before the decision is made. It was clear that more participatory decision making would be appreciated by the employees.

Top executives were content with the current system of communication. One of them (BAT-2) stated:

“HR policy is confidential here. So we inform people when they need to know. For something like a code of conduct we do the office order/circular. E-mail culture has not been properly developed yet. The circular goes to management/head and they orally or by sending photocopy communicate it to others under them. But the e-mail culture like other organisations has not been developed here yet. Yes the message is clear to all.”

On the other hand a minor criticism came from a top executive (BAT-3):

“Common circular to everyone are interpreted differently based on individual perceptions. This creates confusion and dissatisfaction that sustains even after reactionary attempt from
management to explain it to the employees. Because by that time their mind is made about the issue and opinions are rigid by then.”

Some of the mid-level managers mentioned that more automation or IT support is needed in communication. Junior managers seem unaware of the HR policy and its content.

**Findings from Bank B:**

Most managers in Bank B at all levels seem satisfied with the IT enabled communication network.

A top manager from Bank B (BBT-3) stated,

“*Our communication system is excellent here. We have a thing here which is called intranet, ok. We are connected with each other around the whole country, ok. So everything that happens at the higher portion of the pyramid the lowest person knows it on the same date instantly. So there is no hide and sick and it is very clear to everyone, very much transparent.*”

Interpretations of findings: Bank B seems more IT enabled than Bank A in respect to HR communications. The perception of participants from both banks reflects that. However, communication and understanding of HR policy rarely came up as a source of complaints in the discussion, until prompted by the interviewer. Some participants even mentioned that they do not need to know everything and that sometimes they are overwhelmed by the amount of memos they receives. Therefore, communication should not be too extensive, rather carefully directed to the concerned individuals.
**Distinctiveness (Understandability covered by question 10):**

The answers from question ten of the interview schedule helps to determine the level of understandability of the HR messages across managerial hierarchy by identifying the uniformity or differences in the communication process. The following section summarises the findings.

**Findings from Bank A:**

Most respondents thought that this is uniform enough though not the same. Many even thought that uniform communication is not essential. This idea is very different from western HPWS where uniform communication is considered a very important element. Bank A participants seem to agree about this, which shows high HR strength. One of the top executives (BAT) stated,

“Not same communication at all levels. For some info it is the same. Change in policy reaches through circular letter to all employees. Other issues like change in managerial position, strategy changes at corporate level – then managers are called for meeting and discussion to generate ideas and explain the reasons. We try to in-build the idea in them and advice that they explain it to their team and implement it. All information are not relevant to lower level employees. So they do not need to communicate everything to everybody. Head of branch do not need to disseminate those info that do not concern them.”
Another top executive (BAT-2) said,

“Operation/compliance related issues imposed by Bangladesh bank for example must be obeyed and communicated in the same manners to everyone. But if it HR related issues are there, they should be properly communicated and discussed prior to the circulation of decision. Yes the discriminatory practice is there. They have management Committee meetings (MANCOM) and if they feel that selective managers ought to know about something they communicate it to them. This is decided by MD/DMD and even during MANCOM they decide what should or should not be communicated to the employees at different levels.”

One of the top managers (BAT) mentioned that HR policy is confidential in Bank A. Most mid-level managers (BAM 1-9) also supported the above statements. However, the mid-level managers accepted that there could be some dissatisfaction about it among the employees. The junior managers (BAJ) appears most unaware about the HR policy and access to HR manual. Although they expressed dissatisfaction about it, they did not exactly treat this issue as a major source of frustration.

Findings from Bank B:

Most of the executives from top to mid-level management position generally agreed to the following statement as put forth by a top executive in Bank B (BBT):

“Actually our bank is so transparent that whenever a policy is designed, it is communicated in a number of ways, like Intra-mail, outdoor express mail, hard copy to all the branches with common instructions. Say for example-today we published a policy for dress code, this
circular appears on the Intra-mail, with a special tag that ‘No body misses it’, so it reaches all.”

Most of the Junior Managers (BBJ) also agreed with the above statement, with an exception of a relatively few individuals.

Interpretation of findings: Communication in Bank B seems more transparent, uniform and understandable than Bank A. Most employees at both banks shared this perception with their respective colleagues. This should mean that HR strength is higher in the emerging bank from the communication point of view compared to high performing bank. However, uniform communication was not seen as an important prerequisite of better performance; though clear and proactive communication (such as participative decision making) was perceived as necessary for better understanding of the policy in Bank A.

Consensus (Agreement) and distinctiveness (legitimacy of authority covered by question 11)

Findings from Bank A:

Most respondents shares the perception that top managers generally agrees on and support HR practices in Bank A. Therefore, the HR strength seems high. One top executive (BAT) stated, “Top management supports all decisions. That does not mean we always endorse all HR initiatives. We argue and come to an agreement.”

Most of the mid-level and junior executives also think that HR department and the top management are in agreement with most of the HR practices.
Findings from Bank B:

In Bank B, participants had divided opinion on this issue. Top executives mostly said that they do not always agree to all HR practices but accept them. One top executive (BBT-2) said, “I do not know about MD/DMDs but we don’t take part in formulation of these policies. They are given to us and we have to accept. May be there is something I am not liking at all but I have nothing to do actually.”

Another top executive stated,

“If actually, after the joining of our MD, he tries to look after the HR issues and improve it. He is very transparent. Sometimes he even allows us to criticize him in meetings. If we find something to be addressed or to be revised, we put forward our questions. He may not always accept it, but he attempts”.

The above statement reflected the general opinion between top and mid-level employees. A mid-level manager (BBM) answered to this question as follows,

“There are lots of circulars being published about motivation, home loans, welfare fund etc. But the thing is, if you look at the HR people, you will not get any motivation. If they are not up to the mark, if they are not smart enough, If they think traditionally; then how do you think this management is thinking about HR. Look, if you talk about salary, it is one of the poorest salary in the banking industry. They can’t even compare the salary with other bank’s salary. .......Other banks are sending people to foreign countries to get some training. Previously we didn’t, now we are getting because of the MD. What HR is doing, I don’t know. Our Divisional Head says, “If you get any training, if you manage any training
However, most junior executives stated that they have no idea whether the top management agree to HR practices or not.

Interpretations of findings:

It seems like Bank A participants are more decisive about the agreement and top management’s support of HR policies and practices than Bank B. However, in Bank A, this agreement was not necessarily seen as a positive thing. In Bank B, though most junior employees were clueless about this.

Distinctiveness (Legitimacy of authority covered by question 12)

The answers from question twelve of the interview schedule helps define the legitimacy of HR authority the perception of how the respective banks treat their HR department and activities. The following section summarises the responses from across the managerial hierarchy.

Findings from Bank A:

Most said HR is critical and significant with a few exceptions. One of the top executives (BAT-5) stated, “Nothing like that. It is the other way around. The management does not except HR to come up with new initiatives. They ask them to implement things.”
The above view is in contrast of the majority opinion. Most of the participants support the following opinion of a top executive in Bank A (BAT-4): “HR has no major role as a profit centre but as a service centre it is top. Considering this HR always has an important role because we are controlled and administrated by HR.”

The responses of this interview question show high HR strength (strong climate) in Bank A.

**Findings from Bank B:**

In Bank B, most of the participants realise and supports the MD’s initiatives to improve HR policies and practices. Moreover, personally, most participants think that HR activities should get the top priority. However, they hold poor opinions about the authority and legitimacy of the existing HR systems. The following statement from a top executive (BBT-2) reflects that perception:

“HR is critical to some extent, high level. At present we are running above average. Standard is above average. Not average or below average. In the context of Bangladesh, in the context of our economy, our bank is running well, especially our CEO, who is very dynamic. Under his leadership, we are willing to take any chance.”

Another top executive (BBT-1) stated,

“Actually, No. The mindset of the local people comes here. The branch, its business units, its procuring business, who are genetic income for our next bonuses and salary—they should get priority. But the HR, its management and audit are not getting much priority
from the three level people, but our senior management recognizes it and they are trying to
provide support to the HR.”

Therefore the top management’s concern about HR, involvement and effort to improve it
was visible by all employees. However, the result of that effort is yet to be realised in Bank
B according to most participants.

Interpretations of findings: The score of Bank A would be very high in this item that
indicates high HR strength. In Bank B, theoretically everyone agreed that HR is important
but HR in this bank failed to demonstrate legitimate authority.

**Distinctiveness (Legitimacy of authority covered by question 13)**

The answers from question thirteen of the interview schedule help to define the legitimacy
of HR authority based on the perception of how the individual respondents treat HR
activities. The following section summarises the responses from across the managerial
hierarchy.

Most participants from both banks ranked HR as one of the top three most important
divisional or functional areas, in theory. Most in Bank A agreed that HR was one of the top
three most important divisions in that bank, therefore HR strength is high in Bank A,
leading to a strong climate. However in Bank B the following statement by a top executive
(BBT-4) reflects the majority opinion:

“Highest. If you talk about importance, then it is highest. If you talk about the quality of the
HR activities, it is lowest.”
This leads to a conclusion that the HR department is considered very important, but the benefit of that importance is yet to be proven. Therefore, Bank B scores lower than Bank A in establishing the legitimacy of authority of HR.

**Distinctiveness (Legitimacy of authority covered by question 14)**

The answers from question fourteen of the interview schedule help define the legitimacy of HR authority based on the perceptions of HR managers’ involvement in the strategic decision making in respective banks. The following section summarises the responses from across the managerial hierarchy.

**Findings from Bank A:**

Majority of the participants answered yes to this question, but said HR is not involved in business related decisions. A top executive (BAT-3) explained,

“In profit centre HR has no direct involvement in strategic direction, no. In human resources they have strategic policies and they contain the strategic decision making power.”

Most of the participants think that it is unnecessary for HR managers to be involved in strategic decision making, although according to the SHRM concept, HR must be involved with (and should actually initiate) strategic directions at the executive level. However one top executive (BAT-2) stated that:

“Not fully involved but increasingly they are being involved. Before HR would not take part in developing business target and how to achieve that but now we have started that.”
Therefore HR involvement in strategic decision-making is improving in Bank A.

**Findings from Bank B:**

Most of the respondents stated that HR is involved or included in the major strategic meetings, however the influence of HR in making major decisions is not confirmed. One top executive (BBT-7) said, “Yes, they are members of the most important committee in the bank and they are included in the decision making process.”

Another top executive (BBT-6) stated, “If you want to know about this bank, mixing with them-the knowledge they (HR department) have, what I learned from them, I don’t think they have any contribution. They have to be updated, you know.”

Interpretations of findings:

In both banks the HR head is included in all major strategic meetings and committees. However their authority and contribution was in question especially in Bank B. Bank A seems to have a stronger position in terms of the strong voice of HR.

**Distinctiveness (Legitimacy of authority covered by question 15)**

The answers from question fifteen of the interview schedule helps define the legitimacy of HR authority based on the perceptions of HR managers’ authority in deciding HR practices and performance outcomes in respective banks. The following section summarises the responses from across the managerial hierarchy.
Findings from Bank A:

The understanding of authority of HR seems mostly a reflection of power of HR head in Bank A. One of the top executive (BAT-8) stated, “Big involvement, lots of authority. Too powerful beyond position power.”

The above statement has been observed as a reflection of negative feeling towards the HR power, and potential abuse of the informal power. Most of the participants answered this question as if they are speaking of the authority and power of the HR head instead of the department. This shared perception reflected both positive and negative tone. Only a few exceptions have been observed, e.g., one top executive (BAT-5) said, “No. HR head has no power to enforce anything even if he thinks that management is taking an unfair decision/wrong decision.”

Findings from Bank B:

Most executives think that HR has some power, but are not fully authorised to make the final decision. One of the top executives in Bank B (BBT-2) explained: “some of the suggestions come from the top level executive that is the CEO because since he is from multinational he knows the best practices around the globe. So he definitely adds some value in the process. They play the major role undoubtedly but if the CEO comes up with a good suggestion they have to accept.”
Another top executive stated (BBT-5),

“Performance criteria, yes. But recruitment policy—they are included in the process, but they don’t decide it. It is decided through a committee. But individually the HR plays the leading role in terms of finding out what should be done and making the appropriate recommendation. But in terms of actually making it a policy, that is done through a committee, and approved by the MD or the board. But that initiation and in terms of the various options available, HR does that.”

Interpretations of findings: HR seems considerably strong according to the opinion of most participants, and that is suggestive of a strong climate in Bank A (although their understanding of HR power seems limited to the power of the HR head). In Bank B the true decision making power is not concentrated in HR, though the HR department plays a major role in information support and execution of the policy.

**Distinctiveness (Relevance) and Consistent HR Messages (covered by question 16):**

The responses from question sixteen of the interview schedule helps to define the relevance and consistency of HR messages, based on the alignment of HR policy and practices and organisational strategies and personal career goals of the individual employees in respective banks. The following section summarises the responses from across the managerial hierarchy.
Findings from Bank A:

Many participants thought HR is linked to corporate strategy. This perception is positive for HR strength/climate. However HR strategies are not linked to personal goals of employees, which again minimises the positive effect of strategic alignment.

One of the top executives (BAT-5) said,

“To some extent. Not fully. Like if a new branch in-charge join they provide orientation to them etc. Link to personal goal: No, here everything is based on set rules. For example there was a scope for accelerated promotion before in Bank A which was used rightly or wrongly due to personal relationships. So now may be for that reason it has been stopped and no matter how I perform, I cannot get promotion before due time that is 2-3 years. At the moment it is almost impossible to get promotion before 3 years. Last 5 year many people got accelerated promotion which created some dissatisfaction among other employees but if it was done strictly based on performance then this system would have been successful. Some excellent performers left the bank as they did not get promotion in that way. This is not the case anymore.”

A mid-level manager (BAM) said, “Policies are linked to corporate strategy but the practices are not. The link with personal goal is missing.” Most of the junior executives (BBJ) said maybe they are aligned, but it was not clearly visible to them.
Findings from Bank B:

Most executives from all three levels share the perception that policy is mostly aligned to corporate strategy, with some scope and requirement for reinforcement. However, there is no visible alignment of policy to personal goals. One of the mid-level executive (BBM) mentioned that quarterly performance assessment in a year instead of once or twice is a visible effort to track employee performance and provide timely rewards. In his view, this type of frequent assessment helps create the alignment of policy to personal goal. One of the top managers (BBT-4) stated,

“Unfortunately, the majority of people, not only in my bank, but in Bangladesh don’t know how to align their goal with the bank’s goal. Because you see if my bank earns five hundred crore taka profits this year, then management may give me ten bonuses. So I must align my goals with the corporate goal. The majority of people are not willing to align their goal with the corporate goal, they also don’t want to. A positive mindset in employees is needed. Our MD is trying to improve our English skill, both written and oral communication. He is insisting on us to improve our English. So I go through English grammar books every day after reaching home for last couple of months.”

Interpretations of findings: Both banks scored highly in aligning the corporate goal to the policy but missed the personal goal alignment. This puts the HR strength of both banks in the middle of the road in this particular aspect.
**Distinctiveness (Relevance covered by question 17):**

The responses from question seventeen of the interview schedule help define the relevance of HR systems, based on the capability and willingness of the HR agents to achieve organisational goals in the respective banks. The following section summarises the responses from across the managerial hierarchy.

**Findings from Bank A:**

Top executives mostly think they are capable but the mid to junior employees mostly differ. In this case Bank A seems to be in the middle of the road. Capabilities of the employees are not questionable but most people think that they should be continuously developed. One of the top executives (BAT-7) said:

“Yes. They are implementing as per direction of their management. Obviously they implemented the policies. They are capable but willingness is questionable.”

**Findings from Bank B:**

Bank B responses are in sharp contrast to those of Bank A. One top executive (BBT-2) stated,

“Sometimes not capable, but they are willing. Sometimes they don’t know how to motivate the employee. They should be more professional and need to improve in these areas. In this perspective, I must say there are some gaps. But our bank is giving importance to continuous training. Our present MD and some other senior executives share their
knowledge from articles, journals and from different sources and he circulates through personal mails and also asks for feedback, to make sure that we all went through them.”

Most of the mid and junior employees supported the above statement, especially about lack of capability of the managers.

Interpretations of findings:

This response has wide range of implications beyond the obvious ones. The immediate conclusion is that both Bank A and Bank B stand in the middle of the road in this aspect of HR strength. However, this also indicates that capable management are not necessarily willing or committed. Therefore commitment and actual performance do not always go hand in hand. Leadership theories such as Hersey Blanchard’s situational leadership model (Thompson & Vecchio, 2009) explain the readiness level of the followers, based on different combinations of capability and willingness (competence and commitment). That model implies that capable but unwilling employees could be the most difficult for a leader to handle, and must be empowered by participating or delegating leadership style; whereas willing but non-competent groups can easily be managed by telling and selling style. Therefore, it is hard to decide which bank has higher HR strength in terms of relevance.

**Consistency (Instrumentality covered by question 18):**

The responses from question eighteen of the interview schedule help define the instrumentality by clearly linking expected employee behaviour to organisational objective based on the skill, power and resources of HR agents to offer performance based rewards.
The following section summarises the responses from across the managerial hierarchy from Bank A and Bank B.

**Findings from Bank A:**

It seems that HR has the power to refer but not to approve. Most of the respondents stated that the reward/compensation policy is there, and if someone fits the criteria or becomes eligible to reward according to systematic performance evaluation they get it, and HR should be empowered to process it within the policy guidelines without further approval. The following two statements from top executives of Bank A (BAT- 7 and BAT-1) is a reflection of majority participants across the managerial hierarchy:

“This practice is non-existent in any private banks. For better performance HR is not authorised to approve reward. As the reward involves fund, and MD/DMDs are responsible for financial matters, the approval comes from them. So if managers want to reward someone they have to do so by getting the fund approval from Head Office.” (BAT-7)

“HR individually has no power to reward anyone. The managers can award employees from their own sources but hat is very limited. They can award in two ways: monetary benefit or better position within the branch.” (BAT-1)

**Findings from Bank B:**

Bank B respondents across managerial hierarchy expressed a lack of empowerment (and occasionally resources) in ensuring instrumentality. The following statement from a top executive (BBT-3) should explain this point:
“To some extent, we have. Basically we don’t have power, as our bank is run centrally. Basically we are strategic branch unit. What is our main responsibility here is to reach out our responsibility in order to satisfy our customer needs, to run the shop efficiently and effectively, with the policies and procedures guided by our head office. Head office is part of HRD. So basically we don’t have any power. But yes, we can recommend to the Head of HR or other powerful authority.”

A mid-level manager (BBM) stated:

“Sometimes, we find there are some resource constraints. We need HR background people in HR. I am a banker, I know how to manage lease, I know how to make profit, or how to handle a client, but I may not to how to retain the brilliant guys. In terms of capacity and resources, there are some limitations.”

Interpretations of findings:

In both banks the immediate manager has the power to recommend employees for reward (to the HR Department) and then a committee in the head office makes the final decision. The committee is substantially represented by HR staff. Therefore HR and managers seem to have adequate power of recommendation but not much authority on sanctions.

**Consistency (Validity covered by question 19):**

The responses from question nineteen of the interview schedule helps define the consistency of HR messages by understanding if the employees are enabled to establish valid attributions associated with HRM and the beneficial employee and organisational
outcomes, based on the monitoring of HR effectiveness. The following section summarises the responses from across the managerial hierarchy from Bank A and Bank B.

**Findings from Bank A:**

Most junior to mid employees are unaware of such monitoring. The top executives did mention some mechanisms, which seem deficient. One of the top executives (BAT-2) said,

“It all depends on people involved. If the HR asks the managers that ‘take feedback from the employees and let us know’ and the manager actually does that properly then this mechanism would work but if the managers provide only their own personal input, then this mechanism does not work. This is the practice that is currently in place. I think even if there is a committee comprised of the HR people themselves and the feedback is collected and communicated through them then it would be better.”

A trust issue on immediate manager emerges from this statement. The mechanism of monitoring HR practices, the way it exists, is not visible to mid to junior level employees and fully concentrated on top-level management and department heads. Therefore it cannot be an effective feedback policy.

**Findings from Bank B:**

In Bank B some initiatives for formal feedback were taken by the HR department, especially after the new management took over. One of the top executives (BBT-5) said,

“Not quantitatively, but qualitatively through observations, sometimes through communications. Say for example- we circulated a special notice to all colleagues and
invite their comments. Through analysing this feedback, we can assess their communicative knowledge, mindset, intention, perception etc.”

A mid-level manager (BBM) stated: “Previously they didn’t, but one month back, we had a survey-the job satisfaction survey. But it was in general, not based on certain practices that is specific.” Most of the junior managers (BBJ) are also aware of this new initiative but emphasised the importance of acting based on that feedback.

Interpretations of findings: Some feedback mechanisms are in place, or are recently being implemented in both banks. However, the effectiveness of the processes is yet to be proven. It seems like the right intention is there, but the expected reforms are not followed. Therefore validity is not fully ensured. Therefore, neither of the banks is very strong in terms of HR validity.

**Consistent HR messages (covered by question 20)**

The responses from question twenty of the interview schedules help define the consistency of HR messages from the perception of respondents about existing contradictory HR practices that may offset each other’s’ benefits. The following section summarises the responses from across the managerial hierarchy from Bank A and Bank B.

**Findings from Bank A:**

Recruitment and selection at entry level is perceived as excellent by 100% of the participants, but accelerated promotion, lateral entry in the mid-level with lesser quality (those who did not even qualify to be selected a management trainee in this bank) but
higher position power can be demotivating to existing good performers. Therefore these
differential empowerment policies have been proven to be counterproductive in Bank A
and create trust issues. The high quality selection is not matched by salary, promotion or
training policy. Most of the mid to junior level employees said a fixed percentage of
excellent performers (10 percent excellent performer selected from each unit) is an unfair
policy and does not ensure uniformity of reward and performance ratio. There it is a
counterproductive performance management and reward system.

A mid-level manager (BAM) stated,

“If we share information and knowledge through IT facilities, then we can improve as a
whole, we are not experts in all areas. HR must build the capability through training;
leaders must have vast experience in total banking areas. How performance is evaluated
should be transparent and clear to all. ‘Ten percent excellent performer’ is not a fair
performance evaluation policy”

Findings from Bank B:

Most employees from Bank B tried to avoid this question by saying they could not see any
obvious counterproductive practices. However, almost all of them said the salary level is
very poor compared to other banks in the market. Some even stated that recruitment is good
but not matched by the salary, and that this is counterproductive. However, while
answering a different question, most participants mentioned that recruitment and selection
is not systematic in Bank B. Therefore, we cannot accept this statement as valid. Answering
a different question, many participants stated that lateral entry with different pay scale is
demotivating for the existing employees receiving less but working at the same level. This
practice of hiring high performers from the market to improve organisational performance can be counterproductive according to the equity theory of motivation (Bolino & Turnley, 2008).

Interpretations of findings: There are visible counterproductive practices and therefore a lack of consistent HR massages in both banks. The employees of Bank A seem more aware and more affected by these practices than those at Bank B. Undoubtedly, Bank A has the most capable work force in the local labour market, and they are much more aware of equity issues.

**Consensus about HR policy and practices (Fairness covered by question 21)**

The responses from question twenty one of the interview schedules help assess the consensus on HR policy and practices by ensuring employee participation in HR or outcome related decision making. The following section summarises the responses from across the managerial hierarchy from Bank A and Bank B.

**Findings from Bank A:**

It was evident from the answers that mainly senior managers are involved in HR or outcome related decision-making process. This minimises the HR strength of Bank A. A top manager (BAT) stated, “*Mid-level management are more involved and encouraged to participate in decision making. The division heads are consulted in relevant HR decisions.*”
Mid-level executives stated that they do not feel encouraged to get involved in decision-making. Juniors feel the same way. One of the junior managers (BAJ) stated, “No. May be in top level but should be extended to mid to junior level.”

**Findings from Bank B:**

Most of the top managers appreciated the HR head allowing employees to discuss any issue without any reservations. However, in general most of the participants at all managerial levels informed the interviewer that employees are not involved in decision making process but their queries and confusions are handled with due respect. One of the top managers (BBT) stated,

“Not in a very formal way, but yes, if someone comes up with a query, then HR attempts to answer it. Managers also attempts. However, all managers are not proper managers; even I should say some managers even don’t know their duties or how to attend to their colleagues. However, these things are getting involved.”

Another top manager (BBT-5) said, “Well I have not seen it before but I am hopeful since they have done the survey and taken feedback they will in future take the opinion of all levels of employees.”

Interpretations of findings:

Top managers at Bank A are under the impression that mid-level managers are involved in HR and outcome related decisions whereas the junior to mid-level managers are not in agreement. Bank B managers at all levels share the opinion that there is no formal
participation by employees in decision making. Therefore it is reasonable to conclude that majority of respondents from both banks perceive ‘lack of employee participation’ in HR decision making process.

**Consensus about HR policy and practices (Fairness covered by question 22)**

The responses from question twenty two of the interview schedules help assess the consensus on HR policy and practices by how openly and respectfully HR decisions are explained to the employees. The following section summarises the responses from across the managerial hierarchy from Bank A and Bank B.

**Findings from Bank A:**

Top executives are convinced that openness and respect exists. However the mid and junior level would differ. There seems to be a perceptual difference across hierarchy. This can be minimised by showing more examples of openness and by rewarding frank communication from the junior employees. The following two statements from top executives (BAT) reflect the opinion of majority of top managers:

“*Obviously. HR Head directly called meeting with executives in a hotel to explain a new policy of delayering as there were dissatisfactions about it. Employees are convinced that they should not be demotivated if any such situation arises.*” (BAT-4)

“Yes definitely. No negative consequences. HR’s door is always open. I do not want to talk about some previous periods but this MD (2008 onward) is not a crazy person. Our CEO is
a fair person to everybody. He does not interrupt anyone by saying you are not showing obedience by visiting my office and you are not entitled to these facilities.”(BAT-6)

On the other hand, as suggested by the juniors, a more frequent formal confidential feedback taken by neutral authority such as external consultants would help effective feedback and therefore create motivation and make a difference in policy. Many pointed out that there have been open discussions before, but they were not followed through on. Therefore employees lost faith in effectiveness of those processes.

Findings from Bank B:

Most participants from Bank B admitted that their queries are treated without any negative consequences. However, there seem to be no real solution to the issues raised except for an attempt of providing explanation. One mid-level manager (BBM) said,

“Due to fear, they don’t go to the top management. Though the people who have courage, go to their department heads and ask why they are getting lower than the branches. They are getting five-six, we are getting four. Why? We come at 10 am and leave at 8 pm, whereas the others of MTP of the same building are leaving at 6 pm. They are getting four, we are getting four. Management don’t give satisfactory answer……Not negative. When they are asked, they try to reply positively”.
Interpretations of findings:

The strength of HR seems fairly strong in terms of ‘open and respectful’ part of the question. However, the effectiveness of handling the queries and following through the feedback provided by the employees creates dissatisfaction and mistrust.

**Strengths and weaknesses of HR policy and practices (HPWS measures covered by question 23)**

The responses from question twenty two of the interview schedules help select the measures of HPWS by listing the HR practices preferred by the respondents, who are also considered ‘the industry experts’. The following section summarises the responses from across the managerial hierarchy from Bank A and Bank B.

**Findings from Bank A:**

This question was asked to help select the measures of HPWS and to recommend the banks which strong points they should build on and which weaknesses they must overcome. The answers from different management levels for the most part confirmed the visible range of HR practices identified by the participants before. An example of statement from Bank A is as follows:

“Salary is lagging behind compared to profit. Environment is very good, people and co-workers are good, home loan is good, recruitment and selection is excellent. But attrition must be stopped. It is major issue, poor salary. Mainly being number one bank, our salary is poor. Informal recruitment is limited, training is very good.” (BAT-5)
Findings from Bank B:

Most top managers from Bank B stated that the orientation program, recruitment and selection, promotion policy and training programs are the strength of this bank, although some other participants strongly criticised the recruitment and selection policy. A mid-level manager (BBM) stated,

“Well, our strength has very strong board of directors. This bank is running with our directors’ image, who come from renowned industries. They are the CIPS(Commercially Important Persons) of our country. That’s why people count our bank. Another strength is, our MD’s reputation. Besides, these two, we don’t have anything. We are just a consumer branch. We don’t have ATM, but we are planning to set ATMs. We have agreement with Dutch Bangla bank, that’s why we can use Dutch-Bangla Bank’s ATM. So the three strengths are- board of directors, MD’s reputation and Dutch-Bangla bank’s ATM. Our MD has a mission and vision and that’s why he changed everything. Weaknesses are resources. Some resources are very bad. Some managers don’t know anything, sitting on the chair all day; they have no idea about anything. If you ask them about the credit, they will refer you to the credit people.”

The reputation and vision of the MD and board members has been mentioned by most employees at junior to mid-levels as a key strength of the bank. Recruitment and salary are generally seen as weaker points. Junior managers are dissatisfied about the performance evaluation system although mid to top management appreciates it.

Interpretations of findings: This question asked the participants as informed experts in the banking sector in Bangladesh to compare the strengths and weaknesses of their respective
bank’s HR practices with competitors in the market. The above findings help confirm the practices that are perceived to have a positive effect on employee performance.

**Overall impression about HR strength in case study banks:**

In case of Bank A, the HR strength or climate strength was found to be neither strong nor weak. It is middle of the road. As a high performing bank, it should have been very strong as per our theoretical framework. However, we did consider the effects of internal and external contextual factors that may have minimised the mediating effects of climate in creating high performance. Therefore, the implication is that Bank A undoubtedly has many strong points to make it a high performer but there must be continuous evaluation and monitoring of the existing system to improve motivation among the employees. More positive shared perception across managerial hierarchy would increase HR strength and that will lead to stronger climate and higher performance according to the latest theories in strategic HRM (Bowen & Ostroff, 2004).

Bank B seems weaker in HR strength especially in terms of visibility and legitimacy of authority as expected since this bank is an emerging bank and yet to develop a strong corporate culture. However, Bank B clearly performs better than Bank A when it comes to understandability and somewhat better in fairness. Both of the banks show fairly poor climate strength in terms of instrumentality. However, it must be considered that most participants in junior to mid positions in Bank B (with a few exceptions) were reluctant to answer some questions, and gave a vague answer. A few top executives were also very careful in constructing their answers. They acted somewhat insecurely about their discloser despite the anonymity of their participation. Most executives in Bank A were reasonably
frank even during the focus group discussions. Therefore, although Bank B appears to have almost same level of HR strength as Bank A, in reality, the lack of honest participation in Bank B may have inflated their position. The observation of the researcher reveals that Bank B participants are generally less secure about losing their job (due to their lack of sellable skills and consequent poor scope in the job market). Also many of Bank B employees are personally related to the top executives or shareholders, or were recommended by powerful external authorities. Therefore they tend to show more personal loyalty to the management by providing superficial and insincere positive feedback. Overall, HR strength of both banks can be viewed as ‘in the middle of the road-neither too strong nor too weak’. Considering the fact that HRD is an emerging concept in banking industry in Bangladesh, this level of HR strength is reasonably expected.

6.2.4 Important Observations and Information Volunteered by the Respondents

The following points highlight some interesting and potentially useful observations of the interviewer and information volunteered by the participants during the interviews and focus group discussions:

First, the level of frankness became progressively lower as we approached the top management, with a few noticeable exceptions. The researchers had to put more weight on the exceptional ones to ensure the validity of the findings. The reason behind such tendency could be one or a combination of the following reasons. Intensified job insecurity due lack of available high-level managerial positions in the job market and the sense of duty as a corporate spokesperson may have prohibited the mid to top managers from frankly expressing their opinion. Despite the assurance of anonymity, most of the participants
feared being identified or exposed by the nature of their conversation, as these positions are more visible (and few). Another reason for their non-critical approach could be that these managers are the ones involved or empowered to develop and implement policy and practices and therefore are more content with the system.

Second, information sharing did not naturally come up during the conversation whereas other issues, i.e., pay policy, recruitment, promotion, leadership, training and development, performance management dominated the discussion. Even when asked, most of the participants mentioned that it is not important that all kinds of information are to be shared with everybody.

Third, teamwork, trust, and empowerment came out as latent but profound themes from the conversations especially from the junior executives. Participants rarely used these terms, but clearly they implied them. For example a top executive from Bank B (BBT-5) voluntarily spoke about empowerment:

“basically we don’t have power, as our bank is run centrally. Basically we are strategic branch unit. What is our main responsibility here is to reach out our responsibility in order to satisfy our customer needs, to run the shop efficiently and effectively, with the policies and procedures guided by our head office. Head office is part of HRD. So basically we don’t have any power. But yes, we can recommend to the Head of HR or other powerful authority.”

A mid-level manager (BBM) from the same bank expressed the prevailing lack of trust towards administration as follows:
“We have a so-called appraisal form. I am talking about last management. All the staffs of the principal branch got promotion within a year. Though our policy is two years. Do you think every staff actually deserved that promotion? It all happened because of the manager.”

Most of the participants from junior to mid-level management positions at both banks expressed a lack of trust or confidence in the performance appraisal and consequent incentives, recognition, promotion, transfer, development opportunities and other forms of rewards. In both banks, the HR department generally had a low vote of confidence from almost all levels of management and in some cases even from the members of HR department itself. The main reason seems to be lack of confidence in their HR expertise, and trust on and empowerment of the HR agents across managerial hierarchy. The following statement of a top executive of Bank A (BAT-4) clearly proves that point:

“After 2000 a lady joined as Head of HR with HR expertise. She tried to do certain things and HR improved a lot back then. After that in 2008 another HR expert came in who also implemented and suggested some things that advanced the Bank’s HR a lot. So people who can work freely from management influence can improve HR of this bank, which was possible for those two.”

In Bank B one of the mid-level managers (BBM) stated about the HR Department,

“If you talk about importance, then it is highest. If you talk about the quality of the HR activities, it is lowest. You have to recruit good people, you have to have trainings, motivating factors, you have to understand what HR wants. They have nothing, neither good grooming, nor good training. And the HR people are not smart enough.”
Fourth, interesting information has been volunteered about commitment in both banks. In Bank A almost all executives claimed that recruitment and selection processes is very systematic. Therefore they claimed, the recruits are highly qualified. One top executive used the term ‘cream from the labour market’ to refer to them. However, they also mentioned that the employee turnover ratio is very high, which theoretically should indicate lack of commitment. When asked about that, a number of participants explained that these employees are highly qualified and performs well while they are in the bank mainly due to self-motivation, high capability and interest to learn and upgrade their skills for the job market. One of the top executives of Bank A even recommended hiring mediocre candidates from the market to cut down the loss from high employee turnover ratio or lack of commitment. So basically, employee performance should be sacrificed for the sake of overall corporate performance, according to this recommendation. It was stated that the HR department has already agreed to this policy in theory, however, the implementation during actual recruitment process was not evident.

On the other hand, Bank B seems to be suffering from poor recruitment, selection and skill development policy. Consequently, the majority of the employees are non-performers. However, they remain loyal to the bank and the employee turnover ratio is not high (although high performers are reported to be leaving the bank due to a differential pay policy for lateral entry, or because of better job offers) which indicates high level of commitment among majority employees. However, this commitment is not translated into performance in Bank B.
6.3 Summary of the Qualitative Findings

It is confirmed by the qualitative findings that the HR practices in both banks are influenced by the same set of external environmental factors (political and legal, socio-economic, technological and global factors). These factors are unique to all private commercial banks in Bangladesh (PCBL) compared to western or other contexts. Therefore, any variation in the proposed model that is observed between the case study banks can be explained by the unique external context of Bangladesh.

The banks were selected based on their different levels of organisational performance. However, their similar ranking (A+) in the BvDep ind. Indicators ensures that both enjoy similar managerial autonomy. Both banks were also selected based on their target market and legal form (PCBL). Therefore a certain level of similarity in their internal contextual setting has been predicted in the research design. However, it is practically impossible to predict a perfect match between two organisations in terms of their internal contexts. It is also improbable to expect the banks to manage the same set of external factors in a similar fashion.

The findings from this study highlight the internal contextual similarities and differences between the banks. Both banks operate in same market. Both banks also have a mission to be the number one bank in Bangladesh in terms of profitability, capital adequacy, earnings-per-share and other financial parameters. However, the difference is that Bank A has already reached this goal and is trying to maintain its position on top, while Bank B is struggling to reach the top as it is following the footsteps of other high performing banks (including Bank A). Moreover, both banks aim to be world-class banks. However, Bank A
has already crossed the national boundaries by setting a few branches overseas. Both banks are undergoing changes in terms of corporate restructuring. However, Bank B is undergoing more changes than Bank A in terms of total corporate restructuring. The key strength of Bank A is, it has highly skilled employees and a well-established reputation in the market. The key strength of Bank B is its sophisticated IT facilities and reputed shareholders.

The implication of internal contextual similarities and differences across the case study banks helps explain any variations to be observed in the multi-group invariance test during the quantitative analysis. It is generally predicted in HPWS studies that high performing organisations have more resources and a greater inclination to adopt sophisticated HR practices. They potentially benefit more from this system compared to average performers in the market. The above theoretical assertion leads to the prediction that the proposed framework will work better in the high performing bank.

The qualitative findings shed light on how HRM is understood and operationalised by the managerial hierarchy in each of the case study banks. Bowen and Ostrof’s (2004) model of HR strength/climate has been used to gain an insight into the shared perception of managers from different levels of hierarchy in both banks. The overall findings indicate that both banks have comparable HR strengths, which are defined as moderate. There are specific areas where Bank B shows higher HR strength than Bank A, such as an IT enabled fair and consistent communication system. However, Bank A is in a better position in terms of consensus and legitimacy of authority. The visible range of HR practices are similar at both banks, which predicts the possibility of ensuring configural invariance of the HPWS
composition across banks. However, configural invariance across banks has been tested statistically based on quantitative data using SEM.

The nature of variation across the managerial hierarchy does not seem significant enough from the qualitative findings. However, some perceptual variations are visible in terms of the current HR policy and implementation at different levels of managerial hierarchy. HR is more visible among top and junior managers than with mid-level managers. The other significant variation of opinion involves expected performance outcomes. This perceptual difference is more reflected in the interpretation of the performance evaluation criteria across the hierarchy. The top management seem to accept showing respect to seniors as a legitimate expectation from the employees (as a sign of loyalty and subordination). Some of the top managers also feel that staying late in the office is an evidence of professional commitment. However, at the junior level, staying late in the office, cultural and personal courtesy offered to the boss should not be reflected in the supervisor’s ratings of the employee performance.

The above differences of opinion may result in biased rating of employee performance, which may not be reflective of the actual performance quality of the individual employees. However, in the absence of better alternatives, supervisory ratings of individual performance have been used as the indicator of individual employee performance in quantitative study.

The qualitative findings presented above helped develop the research instrument for the next phase, as well as the specific measures of the construct ‘perceived HPWS’. Next
segment discusses the development of the quantitative research instrument based on qualitative findings and theoretical justifications.

6.4 The Role of the Qualitative Study in Quantitative Instrument Development

This section discusses the process of developing the quantitative research instrument, i.e., survey questionnaire. The quantitative phase was informed by the qualitative findings of the study, and the relevant theories and measures of construct developed and tested in western contexts. A test of scale reliability (Cronback’s alpha) has been used in the second phase to justify acceptance of a particular scale for further analysis in SEM (presented in chapter seven). This section starts with an explanation of how the qualitative findings have facilitated the selection and design of the survey questionnaire. Then the constructs, measures and scales used in the final questionnaire are discussed in detail.

6.4.1 Development of the Survey Instrument

Gephardt and Van Buren (1996: 22) stated that “there is no single, agreed-upon definition of a high-performance work system, nor consensus about the components it should have”. This study started with an exploration of the perceived HPWS in the chosen case study context. The qualitative findings lead to the final selection of HPWS components (summarised in Table 6.1). The themes that emerged from the qualitative study (HR strength/Climate, expected HR outcomes and information volunteered by the participants), have directly informed the survey instrument developed for the quantitative phase of the research. The following segment revisits the aforementioned themes and their specific implications on the survey questionnaire items.
**HR strength/ Climate**

Out of the four subthemes of HR strength (Table-6.1) emerging from the semi-structured interview schedule, ‘distinctiveness’ and ‘perceived HPWS’ directly inform the HPWS items in quantitative research instrument. A total of ten items have primarily been selected from the extant HPWS literature - adapted from Pfeffer (1998) and Zacharatos, Barling, and Iverson (2005) as detailed in the conceptual framework of the thesis (Table 4.1). They are: selective hiring, performance management, extensive training, compensation, self-managed team, management/ leadership style of the immediate manager, reduced status distinctions, job quality, job security, information sharing. Based on the interview schedule responses from questions six and eight, a range of HR practices are visible in the case study banks. These practices mentioned by the participants are listed in Table 6.1, according to the percentage of respondents mentioning each of the theoretically selected practices in each bank. This table does not represent the number of times those exact practices are mentioned during the interview and focus group sessions.
Table 6.1: Perceived HPWS Components in the Case Study Banks in Bangladesh
Based on Qualitative Findings

<table>
<thead>
<tr>
<th>‘Perceived HPWS’ Components</th>
<th>Number of participants that mentioned the HR practice voluntarily during interview and focus group sessions</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bank A</td>
<td>Bank B</td>
</tr>
<tr>
<td>Pay</td>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td>Recruitment and selection</td>
<td>26</td>
<td>24</td>
</tr>
<tr>
<td>Performance Management System</td>
<td>26</td>
<td>22</td>
</tr>
<tr>
<td>Training and development</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>Immediate Manager’s leadership style</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Team Work</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Information Sharing</td>
<td>None mentioned it voluntarily</td>
<td>5 mentioned this while praising their IT systems</td>
</tr>
<tr>
<td>Topic</td>
<td>Bank A Participation</td>
<td>Bank B Participation</td>
</tr>
<tr>
<td>------------------------------</td>
<td>----------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Job security</td>
<td>5 Mentioned this but as an unimportant issue</td>
<td>Bank A participants appeared confident about their quality and demand in job market. They do not have the need to feel secured in the job in Bank A as they have other options in the job market. Bank B employees are usually recruited informally. They feel secured in this organisation as most of them have supports from influential and powerful people. However, some of the confident respondents (recently recruited) mentioned that the sense of job security among the non-performers could be detrimental to Bank B’s performance.</td>
</tr>
<tr>
<td>Job quality</td>
<td>None raised this issue voluntarily</td>
<td>When asked by the interviewer, the respondents from both banks mentioned that job quality is pretty much standard in all banks. Therefore, it does not make a difference to them. They formed this perception based on their own work experience in other banks, from their co-worker’s experience, from friends in other banks or from the job market.</td>
</tr>
<tr>
<td>Reduced Status distinction</td>
<td>None raised this voluntarily</td>
<td>Due to high acceptance of power distance in Bangladeshi socio-cultural context, reduced status distinction is not demanded by the employees. When asked by the interviewer, most of them asserted that status distinction is required to maintain respectable distance and establish authority. It is also a source of motivation for many to perform better as they look forward to enjoy that privilege in future when they reach that position.</td>
</tr>
</tbody>
</table>
A recursive abstraction of responses from question twenty three has identified a number of HR practices, and their specific applications that are perceived as sources of strength or weaknesses in the case study banks (and the banking industry in general by the experts who were participants in the qualitative phase). A number of counter-productive HR practices were also identified in the responses to question 20 in the interview schedule. The researcher has listed all these HR practices and crosschecked it against the contradictory practices and other information volunteered by the participants. The revised list (after discounting the contradictory practices and eliminating redundancies) has been crosschecked with the original 10 items theoretically proposed for the HPWS construct.

Finally, six work practices from the 10 selected items (Figure-4.2) have been shortlisted based on the qualitative themes. The four items dropped from the HPWS measures are: reduced status distinctions, job quality, job security, and information sharing. The rationale for dropping these four items from the perceived HPWS composition in the context of the Bangladeshi Banking sector is evident from the qualitative findings (explained below). However all ten items have been included in the quantitative research instrument for the initial reliability test. Together with the qualitative findings, the ‘Cronbach’s alpha’ value of the above four constructs falls below 0.7. The following sections discuss the qualitative findings in order to rationalise the non-inclusion of the four constructs in the subsequent analysis. The relevant theoretical and contextual justification complements the qualitative findings where applicable.
Reduced status distinctions

None of the respondents even remotely used this term or referred to it as important or as a source of motivation for them. If directly asked by the interviewer (in the process of improvisation), some of the respondents explained that well decorated larger office space, corner office, parking and other types of status symbols are traditionally granted to the higher positional status.

The above practice (visible and symbolic status distinction) seems well accepted among the employees. It seems to help create a respectable distance between the superior and subordinates that is required for effective employee management. Even the mid-level or junior managers expressed an acceptance of these status symbols and rationalised the benefit of maintaining status distinctions. However, most of the mid-level and junior managers expressed high level of dissatisfaction regarding the ‘salam culture’ (traditional greeting expected by the superiors or shareholders from the subordinates) and their informal effects on performance management. Despite the fact that ‘salam culture’ symbolises status differences, the participants seem to have negatively associated it with fairness in the performance management system and their trust towards the immediate management or leaders. Therefore, performance management has been included in the perceived HPWS construct in this study and not the reduced status distinctions.

Casimir et al. (2006) recognized the inherent limitations in attempting to transfer organisational theories across cultures. In contrast to western culture, a long-standing characteristic of Bangladesh is a non-egalitarian social style based on the belief of high
power distance. An egalitarian culture would be reflected in the organisational context by treating employees according to their merits and not on their social class, power or position (Thompson, 1994). The employees in egalitarian societies are not fearful or in awe of their bosses or other authority figures (Robbins, Waters-Marsh, Cacioppe, & Millett, 1994). In contrast, the cultural dimension studies of Southeast Asian Countries have often assessed Bangladesh as high-power distance culture (with a high acceptance of authority), similar to other eastern countries such as India and Pakistan (Aycan et al., 2000). Therefore, according to the theoretical framework of the proposed HPWS model (Figure 4.1), the cultural dimensions characterising Bangladeshi work context fully support the qualitative findings regarding the reduced status distinction.

Job quality:

None of the interview or focus group participants raised the issue of job quality. When asked specifically (during selective improvisation by the interviewer), a number of them explained that banking jobs in Bangladesh are fairly standardised, routine and regulated by the BB and other regulatory bodies and compliance requirements. Therefore, not much variation is expected in terms of job quality from one bank to the other. In effect, employees usually do not think of leaving the bank (or suffer from lack of commitment) based on poor job quality. What makes a big difference in job stress management and motivation is the leadership and managerial style. The teamwork and participation is also important in creating positive HR outcomes.

The regulatory system, which is part of the external environment, has an impact on the apparent lack of awareness (or interest) in improving job quality. Some internal factors
are also likely to play an important role to minimise the importance of this item in perceived HPWS construct. For example, the HR department is fairly new in both banks and still suffering from the strategic inertia of conventional administrative division system or personnel management concept. The new HR departments are not capable enough (according to majority participants) to communicate a consistent HR message across the managerial hierarchy, especially regarding sophisticated HR outcomes or the importance of job characteristics. Therefore, the awareness or expectations regarding better job quality is not formed among the employees. The HR climate of the respective banks (which is in the middle of the road at the time of data collection) could explain the lack of concern about and interest in job quality.

**Job security:**

Contrary to the impression received regarding the economic environment, it was evident from the qualitative findings that none of the respondents was particularly interested in demanding job security. In Bank A, the top management is concerned about the high turnover ratio. The mid-level and junior management seem highly confident about the opportunities waiting for them in the job market and therefore clearly expressed that providing job security is not going to increase commitment or performance. They attributed high quality recruitment and selection practices to be the reason behind high employee turnover. In this thesis, affective commitment rather than the continuance or normative commitment is assessed. An inverse relationship between good recruitment practices and continuance commitment would be expected in Bangladeshi banks depending on the qualitative findings. However, despite the high employee turnover rate, the employees of Bank A show high levels of professional commitment and
performance. They bring high capability to the organisation and tend to continuously improve their quality through training and personal initiatives. The reasons behind such tendencies are self-motivation, and the intention to showcase professional development in their resumes to get a better job. Most Bank A employees are more concerned about equitable pay policy and career development opportunities than job security. They often compare their pay structure to job quality and effort - both internally and externally (internal and external equity) and decide to seek better opportunities in the job market.

The above facts can be explained by the labour economics in the Bangladeshi context. The education rate is still fairly low in the country (Abdelati et al., 2007) and the banking industry requires high qualifications (as banks represent a knowledge intensive industry). This is evident from the descriptive statistics of the participants in this study; almost 100 percent of the respondents have at least a Master’s degree (irrespective of the positions). However, in Bangladesh, employers tend to rely more on ‘on-the-job training’ for employee skill development than on formally certified skills (International Labour Organisation, 1993; World Bank, 2000, Chowdhury & Mahmood, 2012). Therefore due to shortages in labour supply in highly skilled categories, a capable banker (experienced and trained in banking sector) is in high demand in the job market. Consequently, the banks are struggling and competing to retain their high performing employees.

The formal selection process is highly competitive in the banking industry, as most new graduates see banking as a secure career track in an otherwise unstable employment market (Chowdhury & Mahmood, 2012). Getting a job in a bank is tough unless someone can use undue power or influence (Chowdhury & Mahmood, 2012). However,
once recruited by a bank, an employee can gather some experience (as banking jobs are routine and standardised) and receive training while recording a good performance. A skilled banker is in high demand in the job market. Therefore job security is less influential as a motivator for employed bankers, even in a society characterised by high unemployment rate (Abdelati et al., 2007).

**Information sharing:**

The participants did not raise information sharing as an important issue. However, there were some specific interview questions that lead to the discussion of information sharing (question 9 & 10). It was evident that Bank B participants displayed high level of satisfaction regarding the IT system connecting the employees through intranet and company websites. The informal social networks and the formal notice boards are highly appreciated mainly because they help build up the team spirit, ease of communication and sense of social belongingness. In contrast, Bank A participants voiced dissatisfaction about the existing IT inadequacy.

However, while IT seems to be an important issue in both banks, information sharing does not seem to be an active motivator for the participants (rather it seems to be a hygiene factor). Most of the interviewees suggested that information should be shared on a need to know basis, and that excessive and unnecessary communication should be avoided. Some of the participants expressed dissatisfaction about receiving too many emails that do not concern them directly. They also do not feel that there is any reason to use the same media, method or message to communicate with all employees.
The above responses are explainable by the high level of acceptance of authority and status distinction in Bangladesh as explained before. Australians tend to play down inequalities. They desire low power distance between supervisors and subordinates and appreciate a more direct and participative communication style (Mak, 1998). In contrast, it is a culturally accepted fact in Bangladesh that the people in higher position should enjoy special privileges (including information privileges) which distinguish them from others and draws respect. Egalitarian cultures are characterized by high trust in followers (Clark & McCabe, 1970; Jenner, 1982) which is not expected in Bangladeshi work context. Therefore, differential treatment in information sharing among different levels of management is seen as reasonable and even desirable by most respondents.

Other HRM Studies in Bangladeshi Context

The recent HRM researches conducted in the context of Bangladesh has identified recruitment and selection, training and development, pay and performance appraisal and industrial relation issues as the most important HR practices to be studied (Chowdhury & Mahmood, 2012). Some other HRM studies (Absar, 2012; Absar, Nimalathasan & Mahmood, 2012; Chowdhury, 2011; Haque et al., 2011; Rahman et al., 2011) have been discussed in chapter two and three that highlighted the above HR practices as important. However, most of those researches suffer from questionable validity and reliability as mentioned in chapter two (Table 2.1).

Mediating Variables

The qualitative phase of this study has not been designed to facilitate the scale development of the attitudinal outcome variables of this study (PE, ET and AC). The
construct of attitudinal outcomes has been considered minimally affected by the contextual differences for the purpose of this thesis. Therefore, the scales of PE, ET and AC were selected based on these theories. However, any deviation from the original scale has been statistically identified and respecified through CFA tests in AMOS to make it context appropriate.

The information volunteered by the participants in qualitative phase unveiled some important facts regarding the attitudinal variables. Two attitudinal outcomes ‘trust’, ‘commitment’ and ‘empowerment’ seemed to be important to almost all participants. However, most of them have not used the exact terms to refer to the above attitudes. For example, the following statement from a top executive (BAT-7) indirectly implies the importance of and link between empowerment issues and trust for the management:

Yes, HR policy is distributed among the officials. There are lots of opportunities or facilities for the employees but there are some things which changes time to time, these short term items creates more anomalies. Somebody gets promotion within one year in the name of special performance but nobody knows what is their special performance, there is no written down criteria for the special performance. Somebody is getting promotion at the same time but their effect dates are different. HR called interview today, and 2 people faced the interview but it is very funny to learn that the effect of one’s promotion is 6 months back and the other is 6 months forward. At the same date they faced the board but their promotion gap is 1 year. After 1 year one person is qualified for the next promotion but it has no special criterion or set down rules. It is case to case basis. Sometimes it is told by the HR that there are no positions in the higher group so employees are not provided promotion but at the same time it is
observed that somebody is getting laterally in or getting promotion and sometimes it has no minimum time period for getting the next rank. For improving the HR policies it is must to implement a set rule for every sphere of employees and must be followed strictly. And this is the only way to improve the HR policy.

A number of participants implied that trust is affected by the internal and external pressure and not necessarily by their personal feeling towards the immediate manager or his competence. The same respondent (BAT-7) said,

“Of course, I think there are beautiful, very good HR policies in our bank but there are problems with implementation of HR policies among the officials fairly because sometimes the policy is violated due to different types of pressures or request”

Four of the other top executives and BAM and BAJ supported him from the same bank. However, most of the Bank B respondents related trust issues to the managerial competence.

However, the effects of commitment on individual performance remain unclear, as explained in Chapter Six, although the top managers (especially in Bank A) mentioned commitment as an important HR outcome. It was also indicated by a few participants in Bank B that lack of empowerment tends to increase lack of trust for the superior among the employees (Faulkner & Laschinger, 2008; Laschinger & Finegan, 2005; Laschinger, 2004). It is also theoretically established fact that employee trust leads to employee performance, especially in service industry context such as hospitals (Laschinger & Finegan, 2005; Laschinger et al., 2000; Mishra & Morrissey, 1990; Laschinger et al., 2001). Base on the above theoretical evidence and indication from qualitative findings, it is argued that
employee trust may partially mediate the causal link between empowerment and individual performance.

Performance Outcomes: Criteria Used in Performance Appraisal

This section will discuss the criteria used by the supervisors in the performance appraisal. Due to the reluctance of the participating banks to provide the actual performance appraisal form for thorough examination, the researchers had to rely on the interview and focus group findings (especially discussions with the HR heads from both banks) to conceptualise the process of performance evaluation and common criteria used in that form. Based on the response from the HR heads from Bank A and Bank B, it is inferred that communication skills, subordination, customer focus, absenteeism (and punctuality in attendance), compliance, target fulfilment, leadership skills, personal or professional skill development through training or higher education are the common criteria used for the performance evaluation in both banks. Moreover, mystery shopper reports are also used to evaluate the unit’s performance in Bank B, and were suggested for use by top executives in Bank A. The knowledge of the findings from mystery shopper evaluation reports may indirectly affect the judgement of the evaluator (supervisor). However, this form of performance appraisal (mystery shoppers) is not directly within the scope of the ‘supervisor’s rating of individual performance used in this study.

The individual level performance outcomes are observed by the actual performance ratings of the respondents evaluated by their immediate supervisors in the quantitative phase. The findings of the qualitative study helped the researchers to understand the true nature of the performance aspects that are rated by the managers. The expected performance outcomes in
the case study banks are customer service and compliance (which is commonly expressed as risk management by the interviewees). However, when it comes to the actual behaviour that influences the ratings, criteria such as meeting targets, attendance and punctuation, personal behaviour (polite submissive attitude and showing respect), smartness and etiquette, communication and leadership skills play major roles. Junior and some mid-level managers are also under the impression that personal lobbying and relationship, along with ‘salam culture’, are reflected in the supervisor ratings. Therefore, the objectivity of the actual performance evaluation is questionable and may have an impact on the quantitative findings. However performance evaluation is not free from bias in any context, despite objective measurement criteria. Both banks are continuously trying to improve how performance is being assessed, and participants agreed that the right policy is in place, but that the implementation or operationalization is suffering from strategic and structural inertia.

Both banks evaluate the performance of the employees based on common criteria, and criteria more specific to the particular nature of job. While the wording of the criteria varies widely across the two banks, the essence remains the same. The annual performance report of both of the banks shows a total evaluation score in percentage form, and a categorical score that describes the level of performance at the end of the form. There are five categories ranging from ‘poor’ to ‘excellent’ that are used as the measure of supervisor ratings of individual performance in the questionnaire (as explained in Chapter Five).
6.4.2 Revisiting the Hypotheses in the Light of Qualitative Findings

Chapter five outlined the rationale of using multi-method research design for this study, and suggested a facilitation approach (qualitative facilitating the quantitative phase). This is a legitimate process of developing or moderating the hypotheses in a mixed method research design where the qualitative phase may act as a precursor to the formulation of the problem and instrument development or a source of hunches to be tested in quantitative research (Bryman, 1988: 127-156). The previous section explained the contribution of the qualitative findings in developing quantitative research instruments. This section discusses how the qualitative findings have indicated changes in the initial predictions of the thesis.

The purpose of this research is to find out the relationship between the perceived HPWS and the supervisor ratings of individual employee performance, through the mediation of the attitudinal outcomes of the employees in the context of the chosen case study banks in Bangladesh. To accomplish this purpose ten hypotheses have been developed (as presented in chapter four) in this thesis. These hypotheses have been developed based on the theories developed in the western context. Due to the dearth of HPWS literature in a context similar to Bangladeshi banking sector, this research started with the above ten hypotheses to be tested in the chosen case study banks. However, the qualitative findings have raised some questions about the meditational role of affective commitment in the chosen case study context (discussed in earlier section). Therefore, hypotheses 3(c) and 3 (d) of this thesis may not be reflective of the context under study. In other words, the last two hypotheses have a fair chance of being rejected in the quantitative phase.
6.5 Summary

This chapter presented and analysed the qualitative findings using thematic analysis. The chapter also discusses the process of developing the survey instrument. More specifically, it presented a rationale for selecting or dropping items in the perceived HPWS scale based on the qualitative findings and theoretical justifications. Six of the HPWS items were finally selected for the ‘perceived HPWS’ composition for the case study banks in Bangladesh. The prediction regarding the mediation role of affective commitment has been changed based on information volunteered in qualitative findings. The next chapter (Chapter seven) presents the quantitative findings and analysis. Chapter seven also addresses the limitations of the quantitative study and interpretation of the results.
Chapter Seven

Findings and Analysis of Quantitative Data

7.0 Introduction

The quantitative data from questionnaire survey has been analysed using SEM and AMOS18 software. The measurement and structural models have been indentified and tested following the seven steps of SEM presented in Figure 5.1. This chapter presents the results of the quantitative phase of the study in five major sections: (1) test of reliability of scales, multicollinearity and CMV affects, (2) descriptive statistics, (3) measurements and factor structures of the latent constructs, (4) assessing the presence, strength and significance of hypothesised direct and indirect effects, (5) Mutigroup moderation test on the final (respecified) structural model.

7.1 Test of Reliability of Scales, Multicollinearity and CMV Affects

The results of the reliability of scales (Cronbach’s Alpha), multicollinearity, and common method variance (CMV) tests have been presented in this section prior to proceeding with testing the measurement and structural models in SEM.

Reliability of Scale

Most of the scales used in this study are well tested for construct validity and reliability in western context. However, it is contended by Creswell (1994) that when a researcher combines instruments for a study, the validity and reliability should better be re-established
to avoid the possibility of distortion. This research argues that Bangladeshi banking sector
is a uniquely complex context and considerably different than the western counterpart.
Therefore, all available and commonly used statistical tools (reliability tests and CFA in
AMOS) have been used to re-establish the reliability and validity of the construct. The tests
of scale reliability have been reported using Cronbach’s Alpha (Table 7.1) and construct
validity has been established through CFA. The CFA results and their implications are
discussed in this chapter along with the items finally selected to define each construct in the
structural model. However, based on the initial reliability test (Cronbach’s Alpha), the
following constructs (with their respective scale items) have been finally selected for the
CFA analysis. The four HPWS items as discussed earlier in this chapter have been dropped
based on the poor alpha value (<0.7) and explanation offered by the qualitative findings.

Table 7.1 shows the Cronbach’s Alpha values for all constructs using all items in the
original scale. None of the Cronbach’s Alpha values are below .7 which is well within the
acceptable limit (Yogt, 1999). Four items from the perceived HPWS configuration in the
original model (Figure 4.2) have been dropped for poor scale reliability (α<0.7). These are
the same four items that were identified as less relevant to employee performance in
qualitative findings (Table 6.1). Therefore construct validity for the items in the scale has
been fairly established through the reliability test. However, relatively lower alpha value of
the construct ‘affective commitment’ (0.709) and teamwork (0.739) indicates that these
constructs should be further revised (using CFA) to improve the scale strength.
Table 7.1: Cronbach’s Alpha for the Reliability Coefficient of HPWS Items, Psychological Empowerment, Employee Trust and Affective Commitment.

<table>
<thead>
<tr>
<th>Constructs/ variables</th>
<th>Cronbach’s Alpha</th>
<th>Numbers of observed items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Perceived HPWS items:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment and selection</td>
<td>.813</td>
<td>8</td>
</tr>
<tr>
<td>Performance management</td>
<td>.903</td>
<td>5</td>
</tr>
<tr>
<td>Training and development</td>
<td>884</td>
<td>10</td>
</tr>
<tr>
<td>Pay</td>
<td>.904</td>
<td>3</td>
</tr>
<tr>
<td>Immediate Managers</td>
<td>.949</td>
<td>7</td>
</tr>
<tr>
<td>Team work</td>
<td>.739</td>
<td>4</td>
</tr>
<tr>
<td>Psychological empowerment (PE)</td>
<td>.840</td>
<td>12</td>
</tr>
<tr>
<td>Employee Trust (ET)</td>
<td>.839</td>
<td>9</td>
</tr>
<tr>
<td>Affective commitment</td>
<td>.709</td>
<td>7</td>
</tr>
</tbody>
</table>

**Multicollinearity Test**

All independent variables (IV) used in the structural model have been tested for multicollinearity issues and all of the Variance Inflation Factor (VIF) results are well below the rule of thumb threshold level 3 (O’Brien, 2007). An example is provided in Table 7.2 where the construct ‘Empowerment’ was used as dependent and all other IVs were used as independent variables.
Table 7.2: Example of Collinearity Statistics Using Empowerment as Dependent Variable

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
<td>Variance Inflation Factor (VIF)</td>
</tr>
<tr>
<td>IMMEMGT</td>
<td>.502</td>
<td>1.990</td>
</tr>
<tr>
<td>PAY</td>
<td>.814</td>
<td>1.229</td>
</tr>
<tr>
<td>PERFORMGT</td>
<td>.460</td>
<td>2.175</td>
</tr>
<tr>
<td>RECRUIT</td>
<td>.511</td>
<td>1.959</td>
</tr>
<tr>
<td>TEAM</td>
<td>.556</td>
<td>1.797</td>
</tr>
<tr>
<td>TRAINING</td>
<td>.512</td>
<td>1.954</td>
</tr>
<tr>
<td>NEGECOMMIT</td>
<td>.862</td>
<td>1.160</td>
</tr>
<tr>
<td>POSICOMMIT</td>
<td>.620</td>
<td>1.614</td>
</tr>
<tr>
<td>TRUST</td>
<td>.564</td>
<td>1.772</td>
</tr>
</tbody>
</table>

Note: Dependent Variable: EMPOWERMENT

In the Table 7.2 all other independent variables (IV) were tested against the dependent variable. ‘Empowerment’ shows VIF below 3 which means there is no multicollinearity issues among the variables. The process has been iterated for all the IVs and none of the VIF values is above 3. Therefore, there are no multicollinearity issues in the proposed model.

CMV with Harman’s Single-factor Test:

Harman’s single-factor test has been used to determine CMV in the survey data. All variables in the study have been loaded into an exploratory factor analysis and have examined the unrotated factor solution. If one general factor accounts for the majority of the covariance among the measures, then a substantial amount of common method variance is predicted (Podsakoff et al., 2003). The following table (Table 7.3) shows that the variance of the one factor is 17.542 (out of the total variance of 67). This means that the first factor explains 26.182 precents of the total variance which is much lower than the rule of thumb CMV tolerance limit of 49 precents. Therefore, it is concluded that no alarming CMV issue is observed in the survey data.
Table 7.3: Testing CMV by Using Factor Analysis in SPSS

<table>
<thead>
<tr>
<th>Factor</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Percentage of Variance</td>
</tr>
</tbody>
</table>

Note: Extraction Method: Maximum Likelihood.

7.2 Descriptive Statistics

The demographic information of the participants has been summarised in Table 7.4A. The table shows that out of the 436 respondents, 55.7 percent belongs to general banking and operation. This is not unexpected, as most staff in the population are employed in the profit centres such as general banking and operation (as indicated by BAT-6). The number of representation from different occupational groups is also reflective of the population as the number of senior managers (50) is considerably less than the junior managers (133). Male female ratio (approximately 2:1) is representative of the broader population, which includes more male employees than female. Eighty three percent of respondents are at least masters degree holders, which confirms the prediction that the banking sector in Bangladesh is a knowledge intensive industry and employee discretion is of vital importance.

The descriptive statistics of all observed items of the study are presented in table 7.4B along with the question items and associated labels used in SEM. The labels used for the composites are also presented to facilitate identification in structural model. The skewness and kurtosis of all items are within tolerance limit, i.e., skewness ≤ 2 and Kurtosis ≤ 7.
Table 7.4A: Demographic Information on Survey Respondents (n=436)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Categories</th>
<th>Frequency (N)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department</td>
<td>GENERAL BANKING &amp; OPERATIONS</td>
<td>243</td>
<td>55.7</td>
</tr>
<tr>
<td></td>
<td>ADMINISTRATION</td>
<td>120</td>
<td>27.5</td>
</tr>
<tr>
<td></td>
<td>FOREIGN EXCHANGE AND TRADE</td>
<td>58</td>
<td>13.3</td>
</tr>
<tr>
<td></td>
<td>ACCOUNTS, FINANCE AND TREASURY</td>
<td>7</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>INTERNAL CONTROL &amp; COMPLIANCE AND RISK MANAGEMENT</td>
<td>8</td>
<td>1.8</td>
</tr>
<tr>
<td>Occupational group</td>
<td>SENIOR LEADERSHIP TEAM</td>
<td>50</td>
<td>11.5</td>
</tr>
<tr>
<td></td>
<td>ADMINISTRATION MANAGERS</td>
<td>81</td>
<td>18.6</td>
</tr>
<tr>
<td></td>
<td>ADMINISTRATION PROFESSIONALS</td>
<td>172</td>
<td>39.4</td>
</tr>
<tr>
<td></td>
<td>ADMINISTRATION &amp; CLERICAL SERVICES</td>
<td>133</td>
<td>30.5</td>
</tr>
<tr>
<td>Year of experience in the organisation</td>
<td>THREE YEARS OR BELOW</td>
<td>210</td>
<td>48.2</td>
</tr>
<tr>
<td></td>
<td>FOUR TO TEN YEARS</td>
<td>191</td>
<td>43.8</td>
</tr>
<tr>
<td></td>
<td>ELEVEN TO TWENTY YEARS</td>
<td>34</td>
<td>7.8</td>
</tr>
<tr>
<td></td>
<td>TWENTY ONE TO THIRTY YEARS</td>
<td>1</td>
<td>.2</td>
</tr>
<tr>
<td>Number of co-workers in the immediate work group</td>
<td>1-9</td>
<td>228</td>
<td>52.3</td>
</tr>
<tr>
<td></td>
<td>10-19</td>
<td>168</td>
<td>38.5</td>
</tr>
<tr>
<td></td>
<td>20-29</td>
<td>28</td>
<td>6.4</td>
</tr>
<tr>
<td></td>
<td>30-59</td>
<td>12</td>
<td>2.8</td>
</tr>
<tr>
<td>Span of direct supervision</td>
<td>NONE</td>
<td>1 TO 3</td>
<td>4 TO 7</td>
</tr>
<tr>
<td>----------------------------</td>
<td>------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Span of indirect supervision</td>
<td>NONE</td>
<td>1 TO 3</td>
<td>4 TO 7</td>
</tr>
<tr>
<td>Gender</td>
<td>MALE</td>
<td>334</td>
<td>76.6</td>
</tr>
<tr>
<td>Age</td>
<td>25 AND BELOW</td>
<td>30</td>
<td>6.9</td>
</tr>
<tr>
<td>Education</td>
<td>CERTIFICATE/DIPLOMA/TAFE</td>
<td>3</td>
<td>.7</td>
</tr>
</tbody>
</table>
## Table 7.4B: Scaling and Descriptive Statistics for Items Measuring Perceived HPWS, Psychological Empowerment, Employee Trust and Affective Commitment

<table>
<thead>
<tr>
<th>Labels (Observed items)</th>
<th>Questionnaire Items</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Psychological Empowerment (PE)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMPOWER1</td>
<td>The work I do is very important to me</td>
<td>4.69</td>
<td>.577</td>
<td>-2.018</td>
<td>4.334</td>
</tr>
<tr>
<td>EMPOWER2</td>
<td>My job activities are personally meaningful to me</td>
<td>4.44</td>
<td>.739</td>
<td>-1.576</td>
<td>3.344</td>
</tr>
<tr>
<td>EMPOWER3</td>
<td>The work I do is meaningful to me</td>
<td>4.51</td>
<td>.719</td>
<td>-1.717</td>
<td>3.619</td>
</tr>
<tr>
<td>EMPOWER4</td>
<td>I am confident about my ability to do my job</td>
<td>4.70</td>
<td>.516</td>
<td>-1.465</td>
<td>1.211</td>
</tr>
<tr>
<td>EMPOWER5</td>
<td>I am self-assured about my capabilities to perform my work activities</td>
<td>4.56</td>
<td>.570</td>
<td>-0.935</td>
<td>.296</td>
</tr>
<tr>
<td>EMPOWER6</td>
<td>I have mastered the skills necessary for my job</td>
<td>4.15</td>
<td>.722</td>
<td>-1.039</td>
<td>2.492</td>
</tr>
<tr>
<td>EMPOWER7</td>
<td>I have significant autonomy in determining how I do my job</td>
<td>3.90</td>
<td>.875</td>
<td>-0.843</td>
<td>.824</td>
</tr>
<tr>
<td>EMPOWER8</td>
<td>I can decide on my own how to go about doing my work</td>
<td>3.92</td>
<td>.904</td>
<td>-0.824</td>
<td>.413</td>
</tr>
<tr>
<td>EMPOWER9</td>
<td>I have considerable opportunity for independence and freedom in how I do my job</td>
<td>3.77</td>
<td>.973</td>
<td>-0.726</td>
<td>.189</td>
</tr>
<tr>
<td>EMPOWER10</td>
<td>My impact on what happens in this unit is large</td>
<td>3.98</td>
<td>.825</td>
<td>-0.979</td>
<td>1.826</td>
</tr>
<tr>
<td>EMPOWER11</td>
<td>I have a great deal of control over what happens in this unit</td>
<td>3.74</td>
<td>.923</td>
<td>-0.580</td>
<td>.175</td>
</tr>
<tr>
<td>EMPOWER12</td>
<td>I have significant influence over what happens in this unit</td>
<td>3.72</td>
<td>.938</td>
<td>-0.651</td>
<td>.357</td>
</tr>
<tr>
<td><strong>Affective Commitment (AC)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMMIT1</td>
<td>I would be very happy to spend the rest of my career with this organisation</td>
<td>3.90</td>
<td>1.051</td>
<td>-0.828</td>
<td>.148</td>
</tr>
<tr>
<td>COMMIT2</td>
<td>I enjoy discussing my organisation with people outside it</td>
<td>4.14</td>
<td>.993</td>
<td>-1.349</td>
<td>1.646</td>
</tr>
<tr>
<td>COMMIT3</td>
<td>I really feel that this organisation’s problems are my own</td>
<td>4.20</td>
<td>.975</td>
<td>-1.455</td>
<td>2.005</td>
</tr>
<tr>
<td>RCOMMIT4</td>
<td>I think I could become easily attached to another organisation as I am to this one</td>
<td>2.24</td>
<td>1.033</td>
<td>.794</td>
<td>.301</td>
</tr>
<tr>
<td>RCOMMIT5</td>
<td>I do not feel like “part of the family” at this organisation</td>
<td>3.85</td>
<td>1.287</td>
<td>-0.906</td>
<td>-.373</td>
</tr>
<tr>
<td>RCOMMIT6</td>
<td>I do not feel “emotionally attached” to this organisation</td>
<td>3.50</td>
<td>1.316</td>
<td>-.392</td>
<td>-1.099</td>
</tr>
<tr>
<td>COMMIT7</td>
<td>This organisation has a great deal of personal meaning to me</td>
<td>3.86</td>
<td>.947</td>
<td>-1.102</td>
<td>1.405</td>
</tr>
<tr>
<td>RCOMMIT8</td>
<td>I do not feel a strong sense of belonging to my organisation</td>
<td>3.46</td>
<td>1.327</td>
<td>-0.310</td>
<td>-1.176</td>
</tr>
</tbody>
</table>

228
### Employee Trust (ET)

<table>
<thead>
<tr>
<th>TRUST1</th>
<th>I feel quite confident that the person to whom I report directly will always treat me fairly</th>
<th>3.91</th>
<th>1.051</th>
<th>-1.094</th>
<th>.890</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRUST2</td>
<td>The person to whom I report would never try to gain advantage by deceiving workers</td>
<td>3.80</td>
<td>1.068</td>
<td>-.955</td>
<td>.434</td>
</tr>
<tr>
<td>TRUST3</td>
<td>I have complete faith in the integrity of the person to whom I report directly</td>
<td>4.02</td>
<td>.953</td>
<td>-1.179</td>
<td>1.626</td>
</tr>
<tr>
<td>TRUST4</td>
<td>The person to whom I report directly can be relied on to look after my best interests</td>
<td>3.84</td>
<td>1.001</td>
<td>-.907</td>
<td>.596</td>
</tr>
<tr>
<td>TRUST5</td>
<td>I feel a strong sense of loyalty toward the person to whom I report directly</td>
<td>4.04</td>
<td>.916</td>
<td>-1.234</td>
<td>1.972</td>
</tr>
<tr>
<td>TRUST6</td>
<td>I can rely on the person to whom I report directly to make sensible decisions for the future</td>
<td>3.87</td>
<td>.945</td>
<td>-1.053</td>
<td>1.155</td>
</tr>
<tr>
<td>TRUST7</td>
<td>I would support the person to whom I report directly in almost any emergency</td>
<td>4.08</td>
<td>.954</td>
<td>-1.532</td>
<td>2.758</td>
</tr>
<tr>
<td>RTRUST8</td>
<td>I cannot rely on the person to whom I report directly to reward me fairly</td>
<td>3.31</td>
<td>1.330</td>
<td>-.140</td>
<td>-1.249</td>
</tr>
<tr>
<td>RTRUST9</td>
<td>I would like to have an external HR expert to take periodical feedback from employees</td>
<td>2.31</td>
<td>1.170</td>
<td>.775</td>
<td>-.157</td>
</tr>
</tbody>
</table>

### Perceived HPWS

| RECRUIT1 | The recruitment and selection processes in this organisation are impartial | 3.46 | 1.159 | -.478  | -.439|
| RECRUIT2 | Favouritism is not evident in any of the recruitment decisions made in this unit | 3.33 | 1.022 | -.281  | -.178|
| RECRUIT3 | Interview panels are used during the recruitment and selection process in this unit | 4.01 | .872  | -1.057 | 1.534|
| RECRUIT4 | This unit does not need to pay more attention to the way it recruits people             | 2.78 | 1.227 | -.179  | -.998|
| RECRUIT5 | All appointments in this unit are based on merit (i.e. the best person for the job is selected regardless of their personal characteristics) | 3.42 | 1.188 | -.395  | -.714|
| RECRUIT6 | The value and beliefs of this unit are discussed in interviews with potential employees | 3.60 | 1.009 | -.757  | .201 |
| RECRUIT7 | Only the best people are hired to work in this unit                                     | 3.30 | 1.088 | -.329  | -.358|
| RECRUIT8 | Employees of this unit are involved in the hiring of their peers                         | 3.15 | .979  | -.238  | -.077|
| PERFORMGT1| In this unit the performance management policy document is readily available to all staff | 3.43 | 1.100 | -.442  | -.534|
| PERFORMGT2| In this unit staff performance is reviewed in accordance with agreed annual goals and organisation-wide requirements and informal feedback is given | 3.68 | 1.013 | -.727  | .163|
| PERFORMGT3 | In this unit there is a performance management system to ensure that staff are competent and accountable for their work | 3.69 | 1.027 | -.841 | .330 |
| PERFORMGT4 | In this unit there is a performance management system to ensure that future growth and development needs are identified | 3.68 | 1.035 | -.748 | .042 |
| PERFORMGT5 | In this unit the statements of accountabilities and responsibilities are regularly reviewed to ensure that they are relevant to current organisational needs and goals | 3.67 | .996 | -.741 | .219 |
| TRAINING1 | Providing employees with training beyond that mandated by government regulations is a priority in this unit | 3.70 | 1.007 | -.895 | .588 |
| TRAINING2 | This unit subsidizes assists or reimburses employees for training or courses taken outside of the workplace | 3.53 | 1.015 | -.557 | -.239 |
| TRAINING3 | Employees in this unit receive additional compensation for training they get outside the unit | 3.60 | 1.049 | -.803 | .151 |
| TRAINING4 | My immediate manager encourages me to extend my abilities | 3.89 | 1.008 | -1.136 | 1.168 |
| TRAINING5 | This unit has provided me with training opportunities enabling me to extend my range of skills and abilities | 3.77 | 1.002 | -.972 | .673 |
| TRAINING6 | I get the opportunity to discuss my training and development requirements with my immediate manager | 3.73 | 1.042 | -.887 | .289 |
| TRAINING7 | My work pays for any work-related training and/or development I want to undertake | 3.55 | 1.006 | -.534 | -.044 |
| TRAINING8 | This unit is committed to the training and development of its employees | 3.82 | .886 | -.948 | 1.360 |
| TRAINING9 | My supervisor has explained mystery customer evaluations to me | 3.65 | .993 | -.721 | .193 |
| TRAINING10 | My supervisor has explained my duties to me | 3.95 | .766 | -1.187 | 2.879 |

**My immediate supervisor:**

<p>| IMMEMGT1 | is focused on doing the right thing as well as on getting results | 3.99 | .937 | -1.253 | 1.905 |
| IMMEMGT2 | encourages employees to look at problems and come up with their own solutions and suggestions | 3.97 | .917 | -1.034 | 1.242 |
| IMMEMGT3 | listens to the concerns of employees | 3.91 | .945 | -1.081 | 1.259 |
| IMMEMGT4 | expresses their confidence that the unit will achieve its goals | 4.00 | .850 | -1.392 | 3.077 |
| IMMEMGT5 | encourages employees to express their ideas and opinions | 3.95 | .936 | -1.125 | 1.474 |
| IMMEMGT6 | provides employees with continuous encouragement | 3.89 | .925 | -1.029 | 1.325 |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMMEMGT7</td>
<td>provides me with motivation</td>
<td>3.88</td>
<td>1.038</td>
<td>-1.118</td>
<td>.985</td>
</tr>
<tr>
<td>TEAM1</td>
<td>The development of teams is an important element for this unit</td>
<td>4.11</td>
<td>.790</td>
<td>-1.130</td>
<td>2.249</td>
</tr>
<tr>
<td>TEAM2</td>
<td>This unit supports team development and training</td>
<td>3.89</td>
<td>.807</td>
<td>-1.110</td>
<td>2.038</td>
</tr>
<tr>
<td>TEAM3</td>
<td>Employee suggestions are implemented in full or in part within this unit</td>
<td>3.79</td>
<td>.840</td>
<td>-0.757</td>
<td>.956</td>
</tr>
<tr>
<td>TEAM4</td>
<td>Decision-making by non-managerial employees is encouraged in this unit</td>
<td>3.34</td>
<td>1.094</td>
<td>-0.323</td>
<td>-.591</td>
</tr>
<tr>
<td>PAY1</td>
<td>Organisation provides adequate pay packages to employees</td>
<td>3.23</td>
<td>1.076</td>
<td>-0.372</td>
<td>-.626</td>
</tr>
<tr>
<td>PAY2</td>
<td>Organisation provides equitable pay packages to employees</td>
<td>3.19</td>
<td>1.018</td>
<td>-0.357</td>
<td>-.491</td>
</tr>
<tr>
<td>PAY3</td>
<td>Organisation provides adequate pay package to me</td>
<td>3.09</td>
<td>1.083</td>
<td>-0.249</td>
<td>-.646</td>
</tr>
<tr>
<td>PAY4</td>
<td>Financial reward is more important than any other forms of motivation</td>
<td>3.70</td>
<td>1.106</td>
<td>-0.554</td>
<td>-.683</td>
</tr>
</tbody>
</table>

**Employee Performance**

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORM</td>
<td>Supervisor’s rating of individual employee performance</td>
<td>4.18</td>
<td>.698</td>
<td>-0.667</td>
<td>.895</td>
</tr>
</tbody>
</table>
7.3 Measurements and Factor Structures of the Latent Constructs

The seven steps of SEM (Figure 5.1) have been followed to test the four major latent constructs. Both one factor congeneric measurement models and CFA models have been used at this stage. The estimation of one-factor congeneric models and CFA serves four broad purposes. First purpose is model re-specification and factor reduction based on reliability and validity of items and construct. The second purpose is the assessment of convergent and discriminant validity of the measurement models. The third purpose is the assessment of measurement model configural invariance across two groups (Bank A and Bank B) and finally, formation of composites. The results of the CFA estimations are presented in the following sections.

One Factor Congeneric Measurement Models of Perceived HPWS Items:

The one-factor congeneric measurement models have been tested for model re-specification, and establishing construct validity and the item reliability of the indicators of perceived HPWS construct and ‘employee trust’ (ET). The respecified models are then used to conduct a second order CFA of the latent construct ‘perceived HPWS’.

The one factor congeneric models have been estimated for two reasons. The first reason is the inadequacy of the ratio of participants to items in the current data set (according to (Nunnally, 1978). A total of 68 observed items are theoretically specified for the four latent constructs of the hypothesised model. The ratio of participants to observed items in this study is approximately 6 to 1. Although five cases per item are considered adequate in most
cases according to some recent literatures (Tabachnick & Fidell, 2007), the sample size of Bank B (N=123) remains inadequate for multigroup moderation tests (if all variables are tested in one measurement model). The second reason is to better estimate the validity of each latent construct and to ensure the true reliability of the composite (Holmes-Smith, 2010).

The Psychological Empowerment (PE) and affective commitment (AC) are hypothesised as a second order latent construct and therefore has been subjected to second order CFA estimation. The inter-item correlations are presented in Table 7.5A and Table 7.5B. Standardised estimates of measurement loadings and SMC (squared multiple correlations) of perceive HPWS items are presented in Table 7.5A. Similar estimates of the other latent constructs’ (PE, ET and AC) items are presented in Table 7.5B. The comparative model fit summaries of the hypothesised models; respecified models; and multigroup analysis (to test the configural invariance where applicable) of each latent construct are presented in Table 7.7.

Table 7.5A: Inter-Item Correlation Matrix Across Variables in the Final Structural Model

<table>
<thead>
<tr>
<th>Items</th>
<th>HPWS</th>
<th>COMMITMENT</th>
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<th>AFFECTIVE COMPONENT</th>
<th>NEGATIVE ARTIFACT</th>
<th>SMC</th>
</tr>
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<tr>
<td>Employee Trust (TRUST)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>TRUST1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.779</td>
<td></td>
<td>0.606</td>
</tr>
<tr>
<td>TRUST2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.641</td>
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<td>0.411</td>
</tr>
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<td>TRUST3</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td>0.867</td>
<td></td>
<td>0.751</td>
</tr>
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<td>TRUST4</td>
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<td>0.827</td>
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<td>0.683</td>
</tr>
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<td>TRUST5</td>
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<td></td>
<td>0.757</td>
<td></td>
<td>0.574</td>
</tr>
<tr>
<td>TRUST6</td>
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<td>0.800</td>
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<td>0.641</td>
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<td>TRUST7</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td>0.497</td>
<td></td>
<td>0.247</td>
</tr>
<tr>
<td>Affective Commitment (COMMITMENT)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>AFFECTIVE COMPONENT</td>
<td>0.706</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.498</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMMIT1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.692</td>
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<td>0.478</td>
</tr>
<tr>
<td>COMMIT2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.728</td>
<td></td>
<td>0.531</td>
</tr>
<tr>
<td>COMMIT3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.528</td>
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<td>0.279</td>
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<tr>
<td>COMMIT7</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>0.472</td>
<td></td>
<td>0.222</td>
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<tr>
<td>NEGATIVE ARTIFACT</td>
<td>0.424</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.18</td>
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<tr>
<td>RCOMMIT5</td>
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<td></td>
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<td></td>
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<td>0.829</td>
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<td>0.688</td>
</tr>
<tr>
<td>RCOMMIT6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.783</td>
<td></td>
<td>0.613</td>
</tr>
<tr>
<td>RCOMMIT8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.560</td>
<td></td>
<td>0.314</td>
</tr>
</tbody>
</table>
**Confirmatory Factor Analysis**

In this study, CFA models have been tested individually for each of the latent constructs (perceived HPWS, employee trust (ET), psychological empowerment (PE) and affective commitment (AC). These models facilitated development of reliable composites of the latent constructs. In addition, a combined CFA model including all latent constructs has been tested to determine convergent and discriminant validity of the latent constructs and configural invariance of factor structures across two groups. The respecified measurement models of all latent constructs are presented in this section along with the results of convergent and discriminant validity test. The comparative model fit summaries of the respecified measurement models against the hypothesised models are included in Table 7.7. The model fit indices from configural invariance tests are also included in Table 7.7. Configural invariance tests “focus on the extent to which the number of factors and pattern of their structure are similar” across Bank A and Bank B data (Byrne, 2009: 213).

The hypothesised CFA models have been developed based on relevant theories and scales tested in different contexts (as discussed in Chapter Four). The theoretically hypothesised measurement models have been respecified to improve construct validity based on a model fit summary. A total of sixteen items have been dropped from the original scales. The remaining fifty two observed items load significantly and fairly well (standardised regression weight >0.4; p<.01) to their proposed scale. The sixteen items were dropped based on following two considerations:

First, the items with statistically insignificant measurement estimates were dropped from the scale. Therefore all retained items (as presented in table 7.5B, 7.6A and 7.6B) are
significantly correlated to their respective scales. The standardised regression weights or standardized estimates of measurement loadings range from 0.417 to 0.921. Out of the 52 retained observed items in four latent constructs, only four items (PAY, RECRUIT3, NEGATIVEARTEFACT, COMMIT7) have <0.5 regression weights, lowest being 0.417). Correspondingly, the squared multiple correlation (SMC) of the above four items are poor (lowest is 0.18). However, these items are retained in order to maintain the acceptable level of construct validity and composite reliability and theoretical significance. It should be noted from Table-7.6A and 7.6B that the other 48 items show good communality with their respective construct (SMC>.3). Moreover, these observed variables are reasonably or highly correlated to their respective factor (standardized regression weight > 0.5).

Second, the error term correlations suggested by the modification indices (MI) have been considered. However, if one of the observed items in such indices has appeared in multiple modification suggestions along with poor factor loading or SMC to the construct (<0.2), the item has been dropped. The residual covariance matrix has also been used to identify problematic items.
Figure 7.1: Second Order Final CFA Model of the ‘Perceived HPWS’ Construct
Figure 7.2: Second Order Final CFA Model of the ‘Psychological Empowerment’ Construct
Figure 7.3: Final Measurement Model of the ‘Employee Trust’ Construct
Figure 7.4A: Hypothesised Measurement Model of the ‘Affective Commitment’ Construct
Figure 7.4B: Second Order Respecified CFA Model of the ‘Affective Commitment’ Construct
Table 7.7: Summary of Goodness-of-Fit Indices and Comparison between Alternative Measurement and Structural Models

<table>
<thead>
<tr>
<th>Model (Named after the latent construct)</th>
<th>CMIN/df and P</th>
<th>CFI</th>
<th>RMSEA</th>
<th>GFI</th>
<th>P Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>RECRUITMENT</td>
<td>HM 6.137 RM 1.612</td>
<td>.935</td>
<td>.109</td>
<td>.942</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>CI P=0.000</td>
<td>.997</td>
<td>.038</td>
<td>.994</td>
<td>.585</td>
</tr>
<tr>
<td>PERFORMGT</td>
<td>HM 2.539 RM 1.089</td>
<td>.995</td>
<td>.059</td>
<td>.989</td>
<td>.297</td>
</tr>
<tr>
<td></td>
<td>CI P=0.026</td>
<td>.995</td>
<td>.059</td>
<td>.989</td>
<td>.297</td>
</tr>
<tr>
<td>TRAINING</td>
<td>HM 11.005 RM 1.089</td>
<td>.874</td>
<td>.152</td>
<td>.889</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>CI P=.000</td>
<td>1.00</td>
<td>.014</td>
<td>.996</td>
<td>.772</td>
</tr>
<tr>
<td>PAY</td>
<td>HM 2.841 RM 1.089</td>
<td>.996</td>
<td>.065</td>
<td>.994</td>
<td>.264</td>
</tr>
<tr>
<td></td>
<td>CI P=0.058</td>
<td>.996</td>
<td>.065</td>
<td>.994</td>
<td>.264</td>
</tr>
<tr>
<td>TEAM</td>
<td>HM 12.032 RM 1.089</td>
<td>.952</td>
<td>.159</td>
<td>.972</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>CI P=0.000</td>
<td>.952</td>
<td>.159</td>
<td>.972</td>
<td>.001</td>
</tr>
<tr>
<td>IMMEMGT</td>
<td>HM 5.724 RM 1.772</td>
<td>.982</td>
<td>.104</td>
<td>.959</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>CI P=0.000</td>
<td>.982</td>
<td>.104</td>
<td>.959</td>
<td>.001</td>
</tr>
<tr>
<td>HPWS</td>
<td>HM 2.469 RM 2.354</td>
<td>.939</td>
<td>.058</td>
<td>.875</td>
<td>.004</td>
</tr>
<tr>
<td></td>
<td>CI P=.000</td>
<td>.945</td>
<td>.056</td>
<td>.883</td>
<td>.029</td>
</tr>
<tr>
<td></td>
<td>CI P=.000</td>
<td>.945</td>
<td>.056</td>
<td>.883</td>
<td>.105</td>
</tr>
<tr>
<td>EMPowerMENT</td>
<td>HM 4.464 RM 3.883</td>
<td>0.914</td>
<td>0.089</td>
<td>0.919</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>CI P=0.000</td>
<td>0.930</td>
<td>0.081</td>
<td>0.931</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>CI P=0.000</td>
<td>0.929</td>
<td>0.059</td>
<td>0.915</td>
<td>0.063</td>
</tr>
<tr>
<td>TRUST</td>
<td>HM 2.191 RM 1.795</td>
<td>0.981</td>
<td>0.052</td>
<td>0.962</td>
<td>0.389</td>
</tr>
<tr>
<td></td>
<td>CI P=0.000</td>
<td>0.981</td>
<td>0.043</td>
<td>0.985</td>
<td>0.631</td>
</tr>
<tr>
<td></td>
<td>CI P=0.000</td>
<td>0.994</td>
<td>0.076</td>
<td>0.955</td>
<td>0.006</td>
</tr>
<tr>
<td>COMMITMENT</td>
<td>HM 18.553 RM 1.120</td>
<td>0.634</td>
<td>0.201</td>
<td>0.824</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>CI P=0.000</td>
<td>0.998</td>
<td>0.017</td>
<td>0.991</td>
<td>0.938</td>
</tr>
<tr>
<td></td>
<td>CI P=0.000</td>
<td>0.999</td>
<td>0.006</td>
<td>0.983</td>
<td>0.995</td>
</tr>
<tr>
<td>Structural model</td>
<td>HM 1.09 RM 1.09</td>
<td>0.999</td>
<td>0.014</td>
<td>0.997</td>
<td>0.72</td>
</tr>
<tr>
<td></td>
<td>CI P=0.352</td>
<td>0.999</td>
<td>0.014</td>
<td>0.997</td>
<td>0.72</td>
</tr>
</tbody>
</table>
Notes: \( N=436 \). CFI= Comparative fit index; RMSEA= Root mean square error of approximation; GFI= Goodness-of-fit index; HM=Hypothesised model; RM=Respecified model; CI=Configural Invariance test across groups.

Model fit indices for RM and CI have not been included in cases where models required no re-specifications or when configural invariance test has not been applied.

First six models represent the model fit indices of one factor congeneric measurement models of the indicator variables of latent construct ‘perceived HPWS’.

The constructs ‘TEAM’ and ‘PAY’ initially had four items each. However, ‘TEAM4’ was dropped as per the suggestion of the modification index to improve model fit and ‘PAY4’ has been dropped due to poor and non-significant ‘Standardised Estimates of Measurement Loading’ (0.05). The respecified one factor congeneric measurement models of ‘TEAM’ and ‘PAY’ with only three items are ‘just identified’ model and the tests of fit index for them is unhelpful. Therefore no fit indices for their respecified CFA models have been presented here.

The last four models are the results of the second order measurement models for the other latent constructs (i.e., Perceived HPWS, PE. ET and AC).

The hypothesised model (HM) of Affective commitment (COMMITMENT) is a one factor congeneric model. However, the respecified model (RM) is a second order model. Configural invariance (CI) has been tested on the final respecified model (second order).
Measurement Model Configural Invariance across Groups (Bank A and B)

Configural invariance tests indicate whether the factor structure represented in the CFA achieves adequate fit when both groups are tested together and freely (i.e., without any cross-group path constraints). To achieve this, all measurement models have been tested for configural invariance by creating two groups in AMOS (Bank A and Bank B), and then the data has been split along case study banks. The resultant model achieves good fit that ensures configural invariance. The model fit summary of measurement models are presented in Table 7.7.

Most SEM scholars recommend observing several indicators of goodness-of-fit evaluating the models (Bentler & Wu, 2002; Hair et al. 1998). The criteria for ideal fit indices are relative to sample size, accuracy and consistency to assess different models, and ease of interpretation aided by a well-defined pre-set range (Marsh, Balla and McDonald, 1988). Based on the above considerations, the comparative fit index (CFI >0.90 indicates good fit), and the root mean squared approximation of error (RMSEA <0.08 indicates acceptable fit), and commonly used $\chi^2$ statistic ($\chi^2$/ df ratio of 3 or less) have been used as the goodness-of-fit indicators (Hoe, 2008). GFI (0.9 or above ) and P Close (0.05 and above) have also been presented in Table 7.7 (refer to Table 5.6). Due to the large sample size, non-normality and ordinal nature of the data, the P values in the model fit summary index are expected to be significant (<0.05) even when the model is adequately specified. The large sample size (>300) is most likely to inflate the chi-square as well, even if the differences between the observed model and the perfect-fit model is small (Bentler & Chou, 1987; Kline, 2010). Based on the above consideration, CMIN/df close to 3 has been
accepted as a good fit along with acceptable CFI (>0.9) and RMSEA (<0.7) in configural invariance test. All retained variables (in respecified models) significantly load to their respective underlying construct in case of both banks. However, the considerable difference in sample sizes across groups (Bank A=313 and Bank B=123) is duly acknowledged as a limitation for a multigroup moderation test in case of measurement models (Frazier, Tix, & Barron, 2004).

The configural invariance test has been conducted to ensure the factor structure equivalence across two groups in order to validate the formation of composites. The comparative model fit summary of the hypothesised CFA models and respecified CFA models (One factor congeneric models for perceived HPWS items and 2nd order CFA models of each latent construct) are presented in Table 7.7. The model fit summaries of multigroup configural invariance tests for all major latent constructs are also presented in Table 7.7.

**Convergent and Discriminant Validity Test from CFA Estimations**

The convergent and discriminant validity test results from combined CFA model estimations (Figure 7.2) have been presented in Table 7.8. The table presents the scores of average variance extracted (AVE), Maximum Shared Squared Variance (MSV), Average Shared Squared Variance (ASV) and composite reliability (CR) for four latent constructs (Perceived HPWS, PE, ET and AC) used in the structural model and hypotheses testing.

The only reliability concern (by a short margin) is posed by the CR value of the affective commitment construct (0.633 which is less than 0.7) (Farrell & Rudd, 2009). All attempts to improve this scale have been unsuccessful (see Figure 7.4A, Table 7.4B and Table 7.7).
Within the given data set the respecified factor structure of the commitment scale is proven optimum compared to any other alternative measurement models of affective commitment (Figure 7.4B).

This issue is well experienced by other authors dealing with a similar scale of affective commitment, especially with the negatively keyed items in the scale (Mathews & Shepherd, 2002). The negatively worded items are highly susceptible to rater bias, reverse halo effects or reverse generosity errors (Mathews & Shepherd, 2002; Selltiz, Wrightsman, & Cook, 1976). According to Sandoval (1981), raters are more likely to use the extreme rating categories for a positively worded item. This tendency increases the dispersion and discrimination of the measurements. The same problem has been evident in case of negatively keyed items in ‘employee trust’ (ET) scale (RTRUST8 and RTRUST9). Consequently, the negatively worded items were dropped in the respecified measurement model of ET. However, to maintain a respectable level of construct validity, the negatively worded items of the AC scale could not be dropped. Mathews and Shepherd (2002) compared the model fit indices of seven alternative CFA models of AC construct. The results show that the AC model with an additional ‘negative artefact’ dimension created for the three negatively worded items in the scale reported the best model fit. The findings of this study also lead to similar conclusion.

Although Mathews and Shepherd (2002) recommended using the original model despite the poor model fit, the researcher in this study has decided to use the model with negative artefact. The reason is that, negatively keyed items of commitment scale cannot be dropped without creating more validity concerns for the scale. All recommended model
respecification options (i.e., modification index, residual covariances, factor reduction etc.) have been explored unsuccessfully to improve this scale. Finally, despite the minor reliability concern, the respecified AC scale has been used in the structural model and hypothesis testing based on the acceptable Cronback’s alpha value (0.709) of this scale calculated in SPSS (Table 7.1) and the acceptable AVE, MSV and ASV values. However, the ‘affective commitment’ composite reliability issue is duly acknowledged as a limitation of this study.

All constructs (including AC) passed the convergent and discriminant validity tests as their AVE values are greater than 0.50. The AVE values are also greater than the MSV and the square root of the AVE is greater than the absolute value of the correlations with other factors (Farrell & Rudd, 2009).

Table 7.8: Measurement Model Convergent and Discriminant Validity Test

<table>
<thead>
<tr>
<th>Latent Constructs</th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>ASV</th>
<th>TRUSTL</th>
<th>HPWSL</th>
<th>EMPOWERMENTL</th>
<th>COMMITMENTL</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRUSTL</td>
<td>0.897</td>
<td>0.559</td>
<td>0.413</td>
<td>0.298</td>
<td>0.748</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HPWSL</td>
<td>0.805</td>
<td>0.511</td>
<td>0.340</td>
<td>0.317</td>
<td>0.529</td>
<td>0.715</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMPOWERMENTL</td>
<td>0.863</td>
<td>0.520</td>
<td>0.501</td>
<td>0.415</td>
<td>0.643</td>
<td>0.575</td>
<td>0.721</td>
<td></td>
</tr>
<tr>
<td>COMMITMENTL</td>
<td>0.633</td>
<td>0.517</td>
<td>0.501</td>
<td>0.347</td>
<td>0.447</td>
<td>0.583</td>
<td>0.708</td>
<td>0.719</td>
</tr>
</tbody>
</table>

Notes: CR = composite reliability; AVE= average variance extracted; MSV=Maximum Shared Squared Variance; ASV= Average Shared Squared Variance; TRUSTL= Employee Trust; HPWSL= Perceived HPWS; EMPOWERMENTL= Psychological Empowerment; COMMITMENTL= Affective Commitment.

The thresholds: Reliability: CR > 0.7; Convergent Validity: CR > (AVE) and AVE > 0.5; Discriminant Validity: MSV < AVE and ASV < AVE (Hair, Black, Babin, & Anderson, 2010).
From the results presented in Table 7.8, it is evident that the latent constructs do not have convergent validity issues. All CR values are greater than AVE and AVE values are greater than 0.5. This implies that the variables correlate well with each other within their parent factor. Therefore, the latent factors are well explained by the observed variables. The constructs do not have discriminant validity issues, i.e., variables do not correlate more highly with variables outside their parent factor. Therefore the latent factors are not better explained by variables from a different factor than by their own observed variables. However, AC construct falls short of the standard CR (CR=.633 which is <.7). This limitation is duly noted in further statistical analysis.

After ensuring the convergent and divergent validity of the factor structures of each construct, and reliability of the composites, and ensuring configural invariance of measurement models across two groups, the study proceeded to explore the hypothesised causal relationships between the variables.

7.4 Assessing the Presence, Strength and Significance of Hypothesised Direct and Indirect Effects Using Bootstrapping Strategy in AMOS

The composite variables have been used at this stage to assess the presence, strength and significance of the hypothesised direct and indirect effects in the proposed HPWS framework. The bootstrapping strategy (Bollen & Stine, 1990; Lockwood & MacKinnon, 1998; MacKinnon, Lockwood, & Williams, 2004; Preacher & Hayes, 2004; Shrout & Bolger, 2002) has been used to increase the power of the sample data to test the mediation effects of PE, ET and AC. An additional 500 samples have been created using bootstrap
option in AMOS at 95% confidence level (Preacher et al., 2007). The presence of direct relationships between all independent (IV) and dependent variables (DV) was tested prior to introduction of mediators. The following sections present the results of assessment of direct and indirect effects of each proposed causal path. Table 7.9 shows the two tailed significance of direct and indirect relationships between independent and dependent variables specified in the associated hypotheses. If the proposed path is significant (p<.05) then the presence of the causal relationship is established.
Table 7.9: Direct and Indirect Relationships between Variables Based on Assessment of Two Tailed Significance (Biased Confidence 95%) Value

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Variables and labels in SEM model</th>
<th>Causal Path(s) tested in AMOS Graphics</th>
<th>Two Tailed Significance (BC) of direct or indirect effects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hypothesis: Supervisor’s rating of individual employee performance is explained by perceived HPWS.</strong></td>
<td>IV: Perceived HPWS (HPWSL) DV: Supervisor ratings of individual employee performance (PERFORM)</td>
<td><img src="https://example.com/cause" alt="Causal Path" /></td>
<td>p=0.001 (Direct effect) Hypothesis accepted</td>
</tr>
<tr>
<td><strong>Hypothesis 1(a): Perceived HPWS positively predicts psychological empowerment among the employees.</strong></td>
<td>IV: Perceived HPWS (HPWSL) DV: Psychological empowerment (EMPOWERMENTL)</td>
<td><img src="https://example.com/cause" alt="Causal Path" /></td>
<td>p=0.001(Direct effect) Hypothesis accepted</td>
</tr>
<tr>
<td><strong>Hypothesis 1(b): Psychological empowerment fully mediates the relationship between perceived HPWS and individual performance.</strong></td>
<td>IV: Perceived HPWS (HPWSL) DV: Supervisor ratings of individual employee performance (PERFORM) MV: Psychological empowerment (EMPOWERMENTL)</td>
<td><img src="https://example.com/cause" alt="Causal Path" /></td>
<td>p=0.001(Indirect effect) Hypothesis accepted</td>
</tr>
<tr>
<td><strong>Hypothesis 2(a): Perceived HPWS positively predicts trust among the employees.</strong></td>
<td>IV: Perceived HPWS (HPWSL) DV: Employee trust (TRUSTL)</td>
<td><img src="https://example.com/cause" alt="Causal Path" /></td>
<td>p=0.001(Direct effect) Hypothesis accepted</td>
</tr>
</tbody>
</table>
| Hypothesis 2(b): Psychological empowerment partially mediates the relationship between perceived HPWS and employee trust. | IV: Perceived HPWS (HPWSL)  
DV: Employee trust (TRUST)  
MV: Psychological empowerment (EMPOWERMENTL)  
| EMPOWERMENTL  
HPWSL  
| TRUSTL  
| p=0.001(Indirect effect)  
Hypothesis accepted  
|  |
| Hypothesis 2 (c): Employee trust partially mediates the relationship between psychological empowerment and individual performance. | IV: Psychological empowerment (EMPOWERMENTL)  
DV: Supervisor ratings of individual employee performance (PERFORM)  
MV: Employee trust (TRUSTL)  
| TRUSTL  
| EMPOWERMENTL  
PERFORM  
| p=0.001(Indirect effect)  
Hypothesis accepted  
|  |
| Hypothesis 2(d): Employee trust fully mediates the relationship between HPWS and individual performance. | IV: Perceived HPWS (HPWSL)  
DV: Supervisor ratings of individual employee performance (PERFORM)  
MV: Employee trust (TRUSTL)  
| TRUSTL  
| HPWSL  
PERFORM  
| p=0.001(Indirect effect)  
Hypothesis accepted  
|  |
| Hypothesis 3(a): Perceived HPWS positively predicts affective commitment among the employees. | IV: Perceived HPWS (HPWSL)  
DV: Affective commitment (COMMITMENTL)  
| HPWSL  
| COMMITMENTL  
| p=0.001(Direct effect)  
Hypothesis accepted  
|  |
| Hypothesis 3(b): Psychological empowerment partially mediates the relationship between perceived HPWS and affective commitment. | IV: Perceived HPWS (HPWSL)  
DV: Affective commitment (COMMITMENTL)  
MV: Psychological empowerment (EMPOWERMENTL)  
| EMPOWERMENTL  
HPWSL  
| COMMITMENTL  
| p=0.001(Indirect effect)  
Hypothesis accepted  
|
Hypothesis 3(c): Affective commitment partially mediates the relationship between psychological empowerment and individual performance.

IV: Psychological empowerment (EMPOWERMENTL)
DV: Supervisor ratings of individual employee performance (PERFORM)
MV: Affective commitment (COMMITMENTL)

p = 0.483 (Indirect effect)
Hypothesis rejected

Hypothesis 3(d): Affective commitment fully mediates the relationship between HPWS and individual performance.

IV: Perceived HPWS (HPWSL)
DV: Supervisor ratings of individual employee performance (PERFORM)
MV: Affective commitment (COMMITMENTL)

p = 0.581 (Indirect effect)
Hypothesis rejected
Based on the results presented in Table 7.9, the presence and significance of all hypothesised direct and indirect effects have been established except for Hypotheses 3(c) and 3(d). Therefore, the perceived HPWS positively predicts psychological empowerment, employee trust and affective commitment (represented by hypothesis 1(a), 2(a) and 3(a) respectively). Moreover, psychological empowerment and employee trust fully mediates the relationship between perceived HPWS and individual employee performance (Hypothesis 1(b) and 2(d)). Psychological empowerment partially mediates the relationships between perceived HPWS and employee trust (Hypothesis 2(b)) and perceived HPWS and affective commitment (Hypothesis 2(c)). Employee trust partially mediates the relationship between psychological empowerment and individual employee performance (Hypothesis 2(c)).

The proposed relationship in Hypothesis 3(c) and 3(d) test the role of affective commitment as mediator and show statistically non-significant direct and indirect effects between IV (affective commitment) and DV (Individual performance). These results can be interpreted in two different ways:

First, the composite reliability (CR) of the AC construct has not been statistically established for this data set, nor in several recent studies using SEM and AMOS (Mathews & Shepherd, 2002). Some earlier studies have also detected discriminant validity of measures of ‘organisational commitment’ scale (John & James, 1991). This scale may require substantial modification in future research to ensure statistically reliable representation of this latent construct. Therefore the results presented here may not be the true reflection of the proposed effects.
Conversely, the above results can be accepted as true reflection of the mediation effect of AC in the model. The rationale for this inference is that AC construct passed all other tests of discriminant and convergent validity (AVE, MSV etc.) and even reliability test using the traditional method (Cronbach’s alpha value measured in SPSS).

After carefully exploring both of the above perspectives and the inferences from the qualitative phase of the study, the researcher has accepted the second interpretation to be most probable in the current research setting. The possibility of non-significant reflection of AC on individual performance is predicted from the qualitative findings of this study. This has also been evident in a number of recent empirical studies in other contexts. The explanation of this inference has been revisited in the discussion chapter along with relevant theoretical, contextual, and statistical justifications.

7.5 Multi-group Moderation Test on the Final Mediation Model

The previous section assessed the presence, strength and significance of all direct and indirect effects proposed in this study. The analysis (Table 7.9) used the combined data set from both case study banks. The larger sample size of Bank A indicates that the results are more reflective of Bank A’s data. However, the results facilitated the development of the final mediation model with simultaneous representation of the structural paths. In this section a multigroup moderation test across two case study banks will help explore the effects and significance of internal contextual differences on the meditational paths. According to the perceived HPWS theoretical framework developed for this study, the contextual difference should have a visible impact on structural paths across the banks. However, the chosen banks have maximum match in terms of internal context, and they
both operate in the same external context. Therefore, a multigroup moderation test results should not show significant variation across groups. The multigroup moderation test (Altman & Bland, 2003; Byrne, 2009) has been undertaken to explore the significance of the variations in the structural paths across groups. Figure 7.5 represent the respecified structural paths tested for multigroup equivalence across Bank A and Bank B.

The model fit summary index indicated the configural invariance of the model across groups (Table 7.7). The configural invariance was predicted due to considerable contextual similarities between the case study banks. However, the multigroup moderation test shows some variations in structural paths across case study banks which can be caused by a few internal contextual differences between the banks. Considering the fact that no two banks can practically show a perfect contextual resemblance, the minor statistical difference observed in multigroup invariance test results were not unexpected.

**Figure 7.5: Final (respecified) Structural Model**

![Figure 7.5: Final (respecified) Structural Model](image)
Table 7.10: Testing for Invariance of the Causal Structure Across Bank A and Bank B

<table>
<thead>
<tr>
<th>Structural Path</th>
<th>BANK A</th>
<th>BANK B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardised Regression Weights</td>
<td>Unstandardised Regression Weights</td>
</tr>
<tr>
<td></td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>EMPOWERMENT &lt;--- HPWS</td>
<td>0.508</td>
<td>0.419</td>
</tr>
<tr>
<td>TRUST &lt;--- HPWS</td>
<td>1.059</td>
<td>1.267</td>
</tr>
<tr>
<td>TRUST &lt;--- EMPOWERMENT</td>
<td>0.567</td>
<td>0.263</td>
</tr>
<tr>
<td>COMMITMENT &lt;--- HPWS</td>
<td>0.157</td>
<td>0.263</td>
</tr>
<tr>
<td>PERFORM &lt;--- TRUST</td>
<td>0.175</td>
<td>0.092</td>
</tr>
<tr>
<td>COMMITMENT &lt;--- EMPOWERMENT</td>
<td>0.144</td>
<td>0.077</td>
</tr>
<tr>
<td>PERFORM &lt;--- EMPOWERMENT</td>
<td>0.285</td>
<td>0.304</td>
</tr>
</tbody>
</table>

Notes: *** p-value < 0.01; ** p-value < 0.05; * p-value < 0.10

HPWS= Perceived HPWS; EMPOWERMENT= Psychological empowerment; TRUST= Employee trust; COMMITMENT= Affective commitment; PERFORM= Supervisor’s rating of employee performance.

In the multigroup moderation test results presented in Table 7.10, critical ratios (z-scores) have been used to identify significant differences between groups on each path of interest (Altman & Bland, 2003). A significant difference is indicated by a critical ratio greater than 1.65 for 90% confidence, 1.96 for 95 percent, and 2.58 for 99 percent confidence. From the results presented in Table 7.10, it is evident that the path linking perceived HPWS to affective commitment is significantly different (statistically) across two groups (p<0.05 and
z-score=2.043). The path linking empowerment and commitment, empowerment and trust and trust and performance are also not absolutely invariant across groups (according to z scores). However, these paths do not reflect statistically significant differences across groups (p>0.10). It is evident from the table that all hypothesised paths are statistically significant in case of Bank A (the high performing bank). In contrast, the paths linking empowerment and trust, trust and performance, and empowerment and commitment reflect statistically non-significant regression weights in Bank B estimates.

It should be noted that the only statistically significant difference across two banks can be observed in the link between perceived HPWS and affective commitment. However, that difference is only evident in the magnitude of the causal relationship and not in the direction of the effect. This conclusion suggests that most structural paths are operating equivalently across Bank A and Bank B samples as predicted, except for perceived HPWS-affective commitment link.

7.6 Summary

This chapter presented the findings and analysis of the quantitative data. The quantitative findings predominantly corroborates to the theoretical assumptions of the perceived HPWS framework of this thesis (explained in chapter eight). The theoretical implications of the quantitative findings presented in this chapter are as follows:

First, the perceived HPWS framework is likely to work better in case of a high performing bank than an average bank.
Second, the HR causal chain is influenced by both internal and external context. The influence of external context is evident from the statistically non-significant link between AC and employee performance in both banks (contradicting the theoretical conviction of most western literature). This finding contradicts most of the empirical studies in western literature. On the other hand, some variations (between the two case study banks) are evident from the multigroup moderation test which can be explained by the internal contextual differences between the banks.

Third, the results from the case study banks show statistically non-significant variations in most of the casual relationships except for the HPWS and AC causal path. However, this path is individually significant in case of both banks. Therefore, it is concluded that overall variations across groups is non-significant, and can be explained by the minor internal contextual differences between the case study banks. It should be duly noted that the case study banks were chosen based on their maximum similarities and a few purposeful differences for literal replication. The results of the multigroup m test across groups support the purpose of literal replication.

The next chapter (Chapter Eight) combines the qualitative and quantitative research findings to discuss and explain the interesting conclusions and the contribution of the study. The chapter also presents the implication for future researcher and practitioners.
Chapter Eight

Summary, Discussion and Future Research

8.0 Introduction

This research has been conducted to examine perceived HPWS and its impact on individual employee performance, in the context of two case study banks in Bangladesh. The study has been conducted using mixed method research strategy. A HPWS framework has been developed based on theories and evidences from a western context. The proposed framework contends that the perceived HPWS explains individual employee performance through the complex mediation paths of different attitudinal outcomes (psychological empowerment, employee trust and affective commitment). The proposed framework is influenced by the internal and external contexts of the respective case study sites. The findings confirm most of the hypotheses of the proposed framework.

This chapter combines the findings from both the qualitative and quantitative phase of the study to reach a unified conclusion. A discussion and conclusion derived from the major findings is also presented in this chapter. The chapter re-examines the research questions and hypotheses in the light of the combined findings from both the qualitative and quantitative phases of the study along with implications for future research and benefits to practitioners.
8.1 Summary of the Research Design

The research started with an investigation of how HR systems are operationalized in a unique and non-western context—the Bangladeshi banking sector. The preliminary field study, review of secondary sources of literature, and findings from the qualitative study shed light on the above line of inquiry. The findings of the qualitative phase of the study led to five major themes: external and internal context, HR/climate strength, perceived HPWS, HR outcomes and information volunteered by the participants.

The above themes have helped form realistic assumptions about the case study banks. They have also informed the instrument development and model re-specification process in the quantitative phase of the study. A number of changes have been introduced to the perceived HPWS scale and employee performance indicators, primarily based on the qualitative findings. Examples include introducing ‘equitable pay’ and ‘goal oriented performance management systems’ as indicators of HPWS, while dropping ‘reduced status distinctions’, ‘job quality’, ‘job security’ and ‘information sharing’ from the perceived HPWS composition. Five different categories of supervisor’s rating of individual employee performance have also been decided based on the qualitative findings.

The quantitative findings from each bank corroborate each other with a few statistically non-significant and predictable variations, explained by internal contextual differences. The combined results from both case study sites support most of the hypothesized causal relationships in the proposed perceived HPWS framework. A statistically significant positive relationship has been established between the perceived HPWS and the
supervisors’ ratings of individual employee performance through the mediation of two of the attitudinal outcomes, i.e., psychological empowerment and employee trust.

However, the mediation role of affective commitment between psychological empowerment and employee performance and between perceived HPWS and employee performance was not supported statistically. Therefore the causal path linking affective commitment and employee performance has been dropped in the respecified model. The final (respecified) mediation model has been tested through a multi-group moderation test to compare the results across the chosen case study banks.

All structural paths in the respecified mediation model are significant in case of the high performing bank (Bank A). In contrast, a number of causal relationships are statistically non-significant in the bank with average performance level (Bank B). However, the result of the multi-group moderation test shows that only one of the variations across two case study banks is statistically significant. The only significant variation across the banks is observed in the link between perceived HPWS and affective commitment. However, this particular relationship is statistically significant individually in each case study bank. Therefore, this variation does not reflect any difference in the direction of the causal relationship between the respective variables across groups. The significant difference of the above causal relationship across banks is merely a reflection of the difference in magnitude of the positive link between perceived HPWS and affective commitment. In other words the above link is positive and significant in both case study banks but it is much more significant and intense in Bank B compared to Bank A.
8.2 Major Findings and Contribution

The following eight major findings will contribute to the advancement of HPWS studies, especially in the context of emerging economies. These findings are expected to encourage and facilitate future research, and will aid researchers in developing a more appropriate theoretical framework, survey design and instrument in similar contextual settings.

8.2.1 HPWS Composition in Bangladeshi Banks

A clear gap in the research literature was identified prior to commencement of this study in order to determine an appropriate configuration of HPWS in a non-western context. This study attempted to minimise this gap. A contextually defined and mutually reinforcing bundle of HR practices has been proposed in this thesis to test a framework linking the perceived HPWS to employee performance in the context of case study banks. The findings of this study provide evidence of association of HPWS to employee performance and explain the causation which is also considered to be a gap in existing HPWS literatures (Guest, 2011).

An overwhelming number of studies have considered high-performance work systems as a single system or unitary index (Becker & Huselid, 1998; Combs, Liu, Hall, & Ketchen, 2006; Lertxundi & Landeta, 2012; Zacharatos et al., 2005). The HPWS index should contain a set of theoretically appropriate HRM practices derived from prior work (Lertxundi & Landeta, 2012). However, the same set of HRM practices is not appropriate in all contexts (Boxall & Macky, 2009). In absence of any reliable prior work on HPWS in the unique non-western context of Bangladeshi local private commercial banks, this research had no scope to replicate or test a predetermined set of HR practices for the chosen
context. Therefore, the major aim of this research was to develop a context specific index to study the perceived HPWS and its impact on employee performance in two case study banks in Bangladesh.

A set of 10 work practices theoretically and empirically associated with service industry context (Pfeffer, 1998; Zacharatos et al., 2005) was initially chosen for the theoretical framework of this thesis. These include employment security, selective hiring, extensive training, self-managed teams, reduced status distinctions, information sharing, contingent compensation, leadership, job-quality and performance management system (Barling, Kelloway, & Iverson, 2003; Barling, Loughlin, & Kelloway, 2002; Zacharatos et al., 2005). After carefully studying the external and internal context of the case study banks (informed primarily by the qualitative phase), it is contended that six of the originally selected work practices are perceived as HPWS in the chosen case study banks. They include selective hiring, objective performance management system, credible leadership of the immediate manager, training and development opportunity, equitable pay practices and self managed teams. The results of the scale reliability in quantitative findings also support the qualitative findings in this regard.

8.2.2 Identifying the Necessity to Revise the Scale of Affective Commitment

The context specific perceived HPWS framework has been tested using structural equation modelling in AMOS18. The measurement models of all major constructs have been tested for construct validity and reliability. Some minor construct reliability issues have been a source of concern for the affective commitment construct. However, a respecified factor structure for the AC construct has been used in this study with suggestions for future
researchers to improve the scale. All other constructs have measured up to the reliability and validity standards.

The problem faced with similar scales used for AC construct has been identified by some other contemporary authors while conducting CFA (Mathews & Shepherd, 2002). This study confirms the challenges posed by the negatively worded items that are highly susceptible to rater bias, reverse halo effects or reverse generosity errors (Mathews & Shepherd, 2002; Selltiz et al., 1976). The AC scale used in this study contains equal number of positive and negatively worded items that worked well in a number of prior studies in western context. However, it seems prudent not to use the negatively worded items especially when SEM and CFA are used to ensure the construct validity. It should be mentioned that the Cronbach’s Alpha test showed an acceptable level of reliability for the same scale and data set. Therefore, this AC scale would probably satisfy the standards of traditional regression analysis, EFA and reliability of scale tests. However, the composite reliability (CR) using the same scale items for AC construct is slightly below the acceptable limit when CFA is used. This has been identified as a limitation of this study. However, future researchers can modify the AC scale to ensure composite reliability while using SEM and CFA.

8.2.3 Influence of External and Internal Context

Scott (1995; 2005; 2008) explained regulative, normative and cultural-cognitive elements of institutional order which influence the selection and execution of work practices in organizations. The preliminary field study and qualitative findings of this thesis have explained (Chapter two and six) how these institutional elements help shape the selection
and causal mechanism of HPWS in the chosen case study banks. The cultural-cognitive elements that constitute the nature of social reality and frame of meaning (Scott, 2008) determine how work practices are developed, implemented and perceived. The following discussion will situate the findings of this thesis within the theoretical assertion of ‘Institutionalism’.

The presence of direct and indirect causal relationships in the proposed HPWS framework has been tested using bootstrapping strategy. The results show that affective commitment does not predict employee performance in either of the case study banks. Therefore this causal path has been dropped from the final structural model. Studies conducted in the western context have overwhelmingly supported this relationship. The above result implies that the difference in external contexts not only plays a vital role (Jackson & Schuler, 1995; Joshi & Roh, 2009) in configuring the perceived HPWS (Newell & Scarbrough, 2003) but also influences the proposed HR-performance causal chain to some extent.

The external contextual factors causing the statistically non-significant relationship between AC and individual employee performance in Bangladeshi banks has been discussed in chapter two and six. The global, regional, national and local characteristics (De Cieri & Dowling, 2006), i.e., phenomenon of informality in the ‘Peruvian’ economy (Sarker, 2006) may have contributed to the formation of ‘patron-clientage relationships’ (Sarker, 2006). A web of inter-locked exchanges among political elites, bureaucracy and business elites has been identified as the root cause of default culture and corruption at every level of governance including recruitment policy among other HR practices. Consequently, a public administration mode was in order (McCourt, 2002) in case of Bangladeshi banking sector where corruption is a real problem. However, due to corruption at the state level
(Chowdhury, 2002), the strict monitoring of banking operations was proven somewhat counterproductive in private sector. For instance, the powerful ministers, board members, political leaders or BB officials could exploit their power of monitoring to recommend their relatives or favourite candidates for a position in a private commercial bank. Allegedly, these recommendations were sold to the highest bidding potential candidates (suggested by the participants in the qualitative phase). The obvious outcome of this phenomenon was inflammation of informal recruitment practices in Bangladeshi banks. Consequentially, these informally recruited bankers tend to perceive high level of commitment to their employing banks due to their informal power in the bank, lack of sellable skills and opportunities in the job market and capacity to develop and compete with the formally recruited group (BAT-1). However, this type of affective commitment is unlikely to positively predict their individual employee performance.

The influence of internal context has also been visible in modest proportion in the findings. This research was designed to ensure literal replication of results from the two case study sites. The configural invariance of measurement and structural models, and the multi-group moderation test results across two case study banks have predominantly proven their conformity. However, as internal contextual factors cannot be identical in any two organisations, some variations have been observed in the intensity (not the nature) of the causal relationships across the case study sites that are discussed in next section.
8.2.4 The Findings from the High Performing Bank More Closely Resembles the Western HPWS Framework than the Mediocre Bank

A number of studies have argued and proven that HPWS should lead to individual and organisational performance. In contrast, some researchers argue the reverse causality, that successful (high performing) organisations are likely to adapt HPWS (Shih, Chiang, & Hsu, 2006; Wright et al., 2005) and realise the benefits more than the average performers. The results of this study indicate that the high performing bank (Bank A) shows greater conformity and intensity with regard to theoretically proposed causal paths, as compared to the average performing bank (Bank B).

The high performing bank conforms to most of the hypotheses that have been developed based on western theories and empirical evidences. This finding implies that the internal context (strategy, culture, HR strength, human capital and visibility of HR) of the high performing bank is more similar to the western context than the mediocre bank. This can be explained by the recruitment and training policy of the high performing bank. It has been established in the qualitative phase that Bank A practices selective hiring and invests considerably in training and development. These practices invariably leads to a very service oriented and self-motivated work force that is very similar to western work culture. Bank B however lacks this advantage to begin with. Theories suggest that mutually reinforcing bundle of HR practices may solidify the link between HPWS and employee performance (Combs, Liu, Hall, & Ketchen, 2006), which seems evident in Bank A. The financial success of an organisation may also have influence on the use of HPWS as predicted in some literatures (Shih, Chiang, & Hsu, 2006; Wright et al., 2005). This finding highlights
the scope to explore the possible reverse causality in HPWS-firm level performance link through longitudinal research design.

This thesis links the perceived HPWS (not the actual HPWS) to individual employee performance. Therefore it can be argued that the perceived HPWS of Bank A employees positively predicts their PE, ET and AC that eventually help shape the individual performances due to their higher personal and professional development needs that HPWS address. For instance, the self-managed team would psychologically empower employees only if employees are skilled enough to enjoy and desire the autonomy and additional responsibility that comes with it. Better-performing firms tend to invest more in sophisticated HRM practices (selective hiring, training and development etc.) to ensure KSA (Knowledge, Skill and Ability), which further enhanced organizational performance (Combs, Liu, Hall, & Ketchen, 2006; Shih, Chiang, & Hsu, 2006). In contrast, the informally recruited work force of the average bank is grateful to have a structured job that pays. They may not be evolved enough to be motivated by a sophisticated HR system such as self-managed team. These sophisticated HR practices may even be perceived as counterproductive due to their need for a structured job with minimum involvement. This situation is likely to persist due to the inability to invest more in HPWS to initiate a change. Therefore, the institutional context of an average bank may significantly vary from western developed country context. Consequentially, a strong positive link between the variables in the proposed HPWS framework may not be visible in an average performing bank in Bangladesh.
8.2.5 Affective Commitment does not necessarily Ensure Superior Employee Performance

The questionable construct reliability of the ‘affective commitment scale’ used in this thesis in the context of Bangladeshi banks remains a major limitation of this study. Despite this, AC construct has behaved as per the prediction of the qualitative findings which deserves due attention. Qualitative findings have explained that committed employees may not be the high performers and high performing employees are not necessarily committed. In Bank A the selective hiring practice is evident. Bank A’s high level of organisational performance over the years indicates the superior capabilities and performance of the staff members. From the interview schedule, it is evident that highly skilled employees (with work experience and on-the-job training) are self-motivated and are committed to their profession. They do not usually suffer from job-insecurity. On the contrary, Bank A suffers from high employee turnover rate as other banks are intensely competing for skilled and experienced bankers in the local labour market. Bank A struggles to keep their high performing employees committed to the organisation due to limited promotion opportunities and the absence of competitive pay packages. However, despite the commitment issues among the employees, the high performing employees tend to maintain a good performance record to protect their professional reputation. All of the above internal and external contextual facts explain why affective commitment does not lead to performance in Bank A as most of the western theories suggest.

For a completely different set of internal contextual justifications, committed employees of Bank B do not necessarily perform better. Bank B does not practice selective hiring. Only recently have they adapted a formal recruitment and selection policy. As a result, most of
the employees at Bank B have been hired based on references from powerful and influential forces (explained in Chapter Two), and not based on their competence. These employees are likely to feel high levels of affective commitment due to their gratitude to the organisation and lack of job opportunities outside this bank. Although the lack of job opportunity should only affect their continuance commitment and not their affective commitment (Allen & Meyer, 1990), the reality is that these two concepts seem psychologically inseparable among employees in Bangladeshi banks. However, high affective commitment is not translated into higher performance in Bank B due to the lower capabilities of the employees in general, and limited training and development opportunities provided by the bank to improve KSA.

8.2.6 Psychological Empowerment and Employee Trust Mediates the Causal Relationship between HPWS and Employee Performance

According to behavioural perspective, successful strategy implementation depends on employee attitude and behaviour and HR practices in an organisation can reward or control employee behaviour (Jackson & Schuler, 1992; Jackson, Schuler, & Rivero, 1989; Schuler & Jackson, 1987). The role behavior perspective (Katz & Kahn, 1978) has also been used to contend that HR practices can create and enforce desirable employee attitudes and behaviours. This thesis has studied three attitudinal variables (PE, ET, AC) and employee performance as mediators and dependent variable in the HPWS framework.

The proposed mediating roles of PE and ET in the hypothesised HPWS framework have been supported in the context of high performing bank. The findings from Bank B sample did not show the same significant causal relationships (PE-ET link and ET-employee
performance link) as Bank A. However, psychological empowerment fully mediates the link between perceived HPWS and individual employee performance in both banks as predicted by western theories (Bonias, Bartram, Leggat, & Stanton, 2010; Boxall et al., 2011; Boxall & Macky, 2009; Peccei & Rosenthal, 2001).

The reasons behind statistically non-significant mediating role of ET observed in Bank B (mediocre bank) can be explained by possible reverse causation in HPWS-performance link (Shih, Chiang, & Hsu, 2006; Wright et al., 2005) and the sharp contextual contrast with western firms (as explained in section 8.2.4). However, it should be noted that most of the differences in the causal paths across two case study banks are statistically non-significant as per the results of the multigroup moderation test. The considerable similarity of external and internal contexts of the case study banks can explain the predominant invariance of the proposed causal paths across banks. On the other hand, some internal contextual differences between the banks (e.g., recruitment policy, employee skill and confidence level etc.) may have caused a statistically significant variation in perceived HPWS-affective commitment causal path across the case study banks. However, this variation is evident only in the intensity of the relationship and not the fundamental nature or direction of the proposed causal path.

8.2.7 Complex Causal Paths between the Attitudinal Outcome Variables

The causal relationships between the major attitudinal outcomes have been predicted by HRM studies over the years (Boxall et al., 2011; Messersmith et al., 2011). However, the complex causal paths among the three attitudinal outcomes while mediating the perceived HPWS-performance relationship have never been simultaneously analysed before. This
study essentially minimised the above research gap by studying the existence and significance of each mediation path individually and then all mediation paths together in one structural model. The squared multiple correlations (SMC) and regression weights change (which defines the intensity and magnitude of the causal relationships) as each new causal path is introduced. Therefore, studying a number of vital mediation paths in one structural model should represent a more realistic causal chain for the given context. The mediation model tested here has statistically established the direction and intensity of the causal paths between different attitudinal outcomes and their significance in the chosen case study contexts based on the best model fit. This study suggests that the traditional causal chain of HR must recognise the direction, intensity, significance and the complexity of the links between different attitudinal outcomes which may vary across contexts. Therefore, an understanding of context should precede any future HPWS study to predict and explain the outcomes and associated causal paths.

8.2.8 Benefits of HPWS may be Universal if the Configuration is Contextually Defined

This study has selected a contextually defined and tested composition of HPWS for the proposed model. Most of the predicted causal paths are statistically significant in a non-western context as Bangladeshi banking sector, especially in case of the high performing bank. Therefore, it can be reasonably deduced that a high performing firm in a Bangladeshi banking context will potentially gain from HPWS as long as they configure the systems and select the outcomes according to their specific context. This finding essentially supports the arguments of contingent, contextual and configurational approaches as opposed to universalism (Delery & Doty, 1996; Martin-Alcazar, Romero-Fernandez, & Sanchez-Gardey, 2005).
The basic tenant of contingency theory, i.e., the relationship between specific employment practices and organisational performance is contingent on firm’s strategy, has been reconfirmed by the empirical evidence in this thesis. The minor strategic and internal contextual variations across two banks have influenced the magnitude of the proposed causal links. It can be deduced that a major strategic or internal contextual difference could cause significant variations as contingency, contextual and configurational approaches contend.

### 8.3 Examination of the Research Questions and Hypotheses Based on Research Findings

The qualitative phase of the research was primarily aimed at answering the first and second research questions and facilitating the development of the survey questionnaire for the second phase (quantitative phase). Information volunteered by the participants in focus group sessions and interviews have also facilitated the understanding of the impact of HPWS in the respective context.

The effects of socio-cultural, economic and internal context are reflected in the quantitative findings (e.g., statistically non-significant link between affective commitment and employee performance). This was predicted by the information volunteered in qualitative phase by the participant. The effects of the external and internal factors were also visible in the perceived HPWS composition. For example, the status distinction, job quality, job security scales were not statistically reliable. This corroborates with the qualitative findings. Table II (Appendix-VII) summarises the research findings from both qualitative and quantitative phase of the study and links them to the research questions, hypotheses and
implications. The relevant literatures aiding the development of hypotheses and supporting the evidence presented in the thesis has also been cited in Table II (Appendix-VII).

8.4 Implications for HR Practitioners

The findings from this study imply that fair and systematic recruitment and selection process, objective performance management systems, credible leadership, training and development opportunities, equitable pay practices, and team work are perceived as HPWS in the context of the case study banks in Bangladesh. The above practices are positively linked to individual employee performance. The perceived HPWS predicts psychological empowerment, employee trust towards the immediate manager and affective commitment for organisation. Consequently, psychological empowerment and trust among employees helps to improve individual employee performance in the chosen case study banks. Therefore, the HR practitioners and managers at all levels should focus on empowering employees. They should also try to build an environment of trust by planning and implementing high performance work practices in order to improve employee performance (Bonias, Bartram, Leggat, & Stanton, 2010; Bowen & Lawler, 2006).

Affective commitment is positively predicted by the perceived HPWS in the case study banks as most western HPWS studies contended (Appelbaum et al., 2001; Appelbaum et al., 2000; Guest, 1999). However, it would appear that organisational culture and external factors such as skills, availability, and labour market demand may influence the significance of the mediating role of affective commitment in linking HPWS to performance. The reason for this is that these facts can be explained by psychological
disassociation of the affective, normative and continuance commitment among the employees in similar contextual settings (Allen & Meyer, 1990).

As an example: if the organisation (such as Bank B) has a history of favouritism in recruitment and selection process, the majority of employees will probably perceive a high level of affective commitment primarily due to their gratitude towards the employer, i.e., normative commitment (Allen & Meyer, 1990). Securing a job in a tough economy despite a lack of employable skills is likely to cause such feeling of affective commitment. Moreover, absence of job opportunities in highly competitive job markets may consecutively create continuance commitment among these employees, which in turn will manifest itself into stronger affective commitment. The above possibility help explain the significantly higher strength of the relationship between perceived HPWS to AC in Bank B compared to Bank A.

However, the employees of Bank B presumably (as suggested by the interview participants from Bank B) lack the capability, skills and drive to improve their performance. Therefore, if a bank is operating under the above circumstances (like Bank B), then management should not expect the affective commitment to significantly mediate between perceived HPWS and employee performance. Conversely, a bank with a systematic and competitive recruitment and selection process, and highly qualified and promising employees (like Bank A) may enjoy high level of employee performance without inducing affective commitment among employees. The highly qualified employees at Bank A demonstrate high levels of individual performance primarily due to their higher skills and capabilities, self-motivation and commitment towards personal development and interest to build professional track records.
However, the participants acknowledged that the turnover rate is very high at Bank A due to the lack of employees’ commitment towards the organisation. The top management contended that it is very difficult to keep a highly qualified workforce committed to the organisation due to difficulty satisfying their higher development expectations. The high demand for their skills in the job market also made employee retention considerably challenging for HRD in Bank A. One top manager even suggested that they should not select the most qualified candidates, as they tend to show lack of commitment (both affective and continuance) towards the organisation despite of their high level of job performance.

The implication of the above finding for the HR practitioners is that the recruitment and selection practices should match the career development opportunities and compensation offered by the organisation, in order to ensure a committed workforce. Only then will a higher level of commitment predict higher employee performance. In contrast, if management adopts unfair recruitment and selection practices, the organisation may suffer from retention of a committed workforce incapable of getting jobs elsewhere and without having developed their skill level. Therefore, the banks should avoid unsystematic and non-transparent recruitment and selection practices in order to ensure meaningful commitment that may lead to higher performance. It is worth noting again that most of the respondents used the word ‘commitment’ to refer to the employees’ intentions to stay in the organisation (which is theoretically defined as continuance commitment) (Allen & Meyer, 1990).

Perceived contradictory practices such as unfair recruitment and selection policy matched with good pay policy may send mixed messages to the employees. Moreover, the intended
HR practices should match the actual practices implemented by the HR agents across managerial hierarchy (Wright & Nishii, 2004). Otherwise, psychological empowerment and trust among the employees may not be improved, despite the presence of a well-intended HR policy (Boxall et al., 2007). Policies and practices should be used objectively by the HR agents, and these must ignore any cultural or personal bias toward the employees, and must also avoid strategic inertia. The managers could lose employee trust if they do not act objectively, which will eventually reflect on employee performance (Mishra & Morrissey, 1990; Schindler & Thomas, 1993). For example, whether the employees are attentive to culturally driven social respect paid to the supervisor or members of the board should not have any implication on their performance evaluations, because that is not an objective criterion in the evaluation form. A few top managers have expressed their expectation that they will receive respectful greetings from their subordinates, as a legitimate sign of subordination. However, the majority of the participants in the qualitative phase showed considerable dissatisfaction towards the above practice. They indicated that it minimised the sense of empowerment and trust towards their immediate managers. Therefore, the perceptions of objective performance evaluation criteria may vary across managerial hierarchy.

The above discussion indicates that the case study banks may be suffering from latent industrial relations issues, which are not formally visible. Kaufman and Taras (2000) have identified pressing concerns about the reduction of union membership in private sector in the USA. The same authors have recognized the popularization of the high performance work place as one of the major work organisation trends that resulted in lower union representation in private sector businesses in the United States post 1990. The trend of
employee involvement, participation and empowerment had helped deal with some of the IR issues in USA according to Kaufman and Taras (2000). These IR issues include balance of power between management and labour, conflicts between labour and capital or a balance between business and employees (Kaufman, Beaumont, & Helfgott, 2003; Kaufman & Taras, 2000). By the same token, the focus on the performance driven and context specific HPWS (self-managed team, performance management system, equitable pay practices) may help the HR practitioners proactively deal with similar IR issues in Bangladeshi local banks.

Based on the theoretical framework and empirical findings from the chosen case study banks, Figure 8.1 has summarised the recommendations for the HR practitioners in similar contexts.
Figure 8.1: Perceived HPWS Framework and Recommended Actions for HR practitioners in Bangladeshi Banks

**Perceived HPWS**

What HR practices are perceived as HPWP in this organisation?

Recommended course of actions:

- Collect inputs from industry experts, managers, HR agents and HR consultants about the firm’s strategy driven HR practices.

- Use employee survey/suggestion box or meetings to get unbiased and honest perception of employees about different work practices. External HR consultants can be used to ensure objectivity and sincere participation.

- Conduct longitudinal studies for each new HR intervention

**Attitudinal Outcomes**

What attitudinal outcomes are expected from the strategy driven HR practices in this organisation’s context and are these outcomes being achieved?

Recommended course of actions:

- The chosen HPWS will indicate the possible attitudinal outcomes that should theoretically lead to the expected performance outcomes. An HR consultant may be appointed to outline the expected attitudinal outcomes.

- Periodic anonymous employee survey should reveal the attitudes of the employees. Their feedback should be used to revise the HPWS composition.

**Performance Outcomes**

What individual performance outcomes are indicative of the expected/ targeted organisational outcomes and how much are they achieved by the employees?

- Consider strategic and contextual changes.

- An HR expert should be involved in developing and periodically revising the performance management system to include objective, practical, strategy driven and behaviourally anchored performance indicators for each position.

- Objective, regular and transparent feedback should be provided to the employees. IT can facilitate this process.

**Feedback loop:** Revise the HPWS contents based on employee performance and attitudinal outcomes and vice versa.
8.5 Conclusion and Future Research

There is a dearth of studies in the management literature investigating HPWS in complex non-western contexts such as Bangladesh, and this justifies this research and marks its importance. However, there is still scope for further studies in similar contexts to help provide a basis for comparison between studies conducted in western and non-western contexts. More comparative studies in similar contexts may also help generalise the findings in an extended context such as Next-11 countries or South Asian economy and so forth. Future researcher may replicate this study to cover specialised banks, nationalised commercial banks, foreign banks or Islamic banks in Bangladesh to compare the findings. More studies in appropriate industries relevant to the use of HPWS to improve organisational performance would help enrich the HPWS knowledge base. Researchers may also use the HPWS measures developed for this study and use the learning from the limitations of this study to come up with different research designs and instrument (e.g., revising the AC scale). There is also scope for longitudinal studies using this data as a point of reference.

Future researchers should study the mediating effects of attitudinal and behavioural outcomes such as job satisfaction, customer satisfaction, the compliance, and the moderating role of personal wellbeing. Future studies may also test the link between individual performance and organisational performance outcomes in the causal chain of HR. The effects of contextual factors could be studied more extensively and objectively using longitudinal or other innovative mixed method research designs.

The purpose of this study was to explore the role of context in shaping the use of HPWS and to determine how HRM is understood, interpreted and practiced across the
management hierarchy in two case study banks in Bangladesh. The study also intended to investigate the links between employee perceptions of HPWS and their affective commitment, trust for the immediate managers, and psychological empowerment and their subsequent supervisors’ ratings of employee performance. A multi-method multiple case study approach has been used to investigate the above issues for the purpose of literal replication. The qualitative data collected from interview and focus group schedules has been analysed using a thematic approach and these findings facilitated the design of the quantitative phase. Structural Equation Modelling (SEM) was used to analyse the data collected through the questionnaire survey to test the hypotheses and answer the research questions.

The results of the study indicate that a range of socio-cultural, economic, political and legal factors, internal culture and firm objective and strategies can potentially help shape perceived HPWS and the way these factors influences individual performance in a specific context. The study also demonstrates that perceived HPWS can predict psychological empowerment, trust towards immediate manager, and affective commitment among employees. The meditation effects of psychological empowerment and trust in linking perceived HPWS to employee performance is statistically significant. However affective commitment does not fully or partially mediate the link between perceived HPWS and individual performance. This is most likely due to the unique internal context of the case study sites along with labour market conditions in the chosen context. The understanding of the term ‘affective commitment’ among the respondents in this specific case study context may also have constrained the use of this latent construct. Future research may take more precautions to explain or revise the scale of commitment
in the research instrument (John & James, 1991; Mathews & Shepherd, 2002) based on
the chosen context.

The implications of this study for practice are that managers across the hierarchy should
try to create positive perceptions among employees with regards to recruitment and
selection practices, teamwork, performance management systems, training and
development opportunities, pay policy and the leadership style of the immediate manager.
Positive perceptions of these HPWS items help to create psychological empowerment and
build trust among employees and eventually contribute to improving individual
performance. The positive perception of HPWS among employees will also positively
predict their affective commitment. However, positive affective commitment among
employees did not ensure better individual performance in the case study context, and
lack of affective commitment did not necessarily result in poor performance. Therefore
managers should adopt transparent and equitable HR practices that facilitate each other
and do not offset other benefits (Boxall et al., 2011; Truss & Gratton, 1994). This will
ensure better individual performance through psychological empowerment of employees
and development of trust.

There is scope to replicate this study in similar contexts to facilitate further generalisation.
Future research designs may overcome the limitations of this study in designing
instruments that extend the scope to include more attitudinal and behavioural outcomes
such as job satisfaction, customer focus and compliance in the hypothesised mediation
model. A longitudinal study in the same context or set in manufacturing industries,
nationalised commercial banks, specialised financial institutions and foreign banks may
help stretch the boundaries of the HPWS knowledge base beyond the western context.
APPENDIX-I

TABLE-I: Measures and Scales Used in Survey Questionnaire

<table>
<thead>
<tr>
<th>Construct</th>
<th>Reference of Measures and scale used in the survey questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived HPWS</td>
<td>Adapted from Pfeffer’s (1998a) and (Zacharatos et al., 2005)</td>
</tr>
<tr>
<td>Recruitment and selection</td>
<td>Zacharatos, Barling, &amp; Iverson, 2005</td>
</tr>
<tr>
<td>Training and development</td>
<td>Zacharatos, Barling, &amp; Iverson, 2005</td>
</tr>
<tr>
<td>Performance management</td>
<td>Developed for this thesis based on the research of Nankervis and Leece (1999) linking individual performance more directly to their strategic business objectives. Also used papers written in the context of Bangladeshi private organisations (Chowdhury, 2011) and Liao, Toya, Lepak and Hong's (2009) service-quality–based performance appraisal concept.</td>
</tr>
<tr>
<td>Payment</td>
<td>Developed based on equity theory (Adams, 1963) and the qualitative finding of this study</td>
</tr>
<tr>
<td>Immediate management</td>
<td>Zacharatos, Barling, &amp; Iverson, 2005</td>
</tr>
<tr>
<td>Self managed team</td>
<td>Zacharatos, Barling, &amp; Iverson, 2005</td>
</tr>
<tr>
<td>Psychological empowerment</td>
<td>Adapted from Spreitzer (1995)</td>
</tr>
<tr>
<td>Affective commitment</td>
<td>Adapted from Boxall, Ang, &amp; Bartram (2011) scale of AC based on Mayer &amp; Allen (1997)</td>
</tr>
<tr>
<td>Employee Trust</td>
<td>Adapted from Schindler &amp; Thomas (1993)</td>
</tr>
</tbody>
</table>
APPENDIX-II

Participant Information Sheet (Qualitative Stage)

Doctoral Research: High Performance Work Systems in the Context of the Banking Sector in Bangladesh (1st stage)

DEAR MADAM/SIR

I seek your consent to participate in a research project which examines the use of high performance work systems (HPWS) in the banking sector in Bangladesh. High performance work systems are comprehensive human resource practices such as recruitment and selection procedures, incentive compensation and performance management systems, employee involvement, training etc.

This study assumes that the banking sector in Bangladesh involves a complex set of factors defining the context. The study will explore the existing human resource practices in your organisation and reflect on your experience and views of them.

This research is important because these issues have never been examined before using a HPWS framework in the banking sector in Bangladesh. Therefore, your participation will make a valuable contribution to our knowledge, and to the banking industry. The result of the study will help implement effective human resource management practices in your bank.
Individual participant will be interviewed or attend focus group discussion for approximately 1 hour. Semi-structured interview questions will be used, relating to human resource (HR) policies, practices, decisions, implementations, communication systems and contextual factors influencing HR decisions, including personal perceptions of effectiveness of the above issues. All interviews and focus group discussions will be audio recorded and transcribed.

Your decision to take part is voluntary and free of any coercion or inducements. If you choose not to participate or to withdraw, there are no penalties or adverse consequences whatsoever. Strict confidentiality, in relation to any interview will be ensured. No names or specific identifying information will be published. Participants in interviews can decide to withdraw within four weeks after the interview as explained in consent and withdrawal form. However, the participants in focus group will have the same option only before attending the focus group sessions. The whole session will be recorded without specifically identifying the participants by name or official titles. Therefore, subsequent identification and exclusion of any participant is improbable without seriously jeopardizing the research integrity. The participation in focus group is voluntary and attendance of the participants in the session will imply their consents subject to the condition that names or specific identifications shall not be recorded. The participants shall be invited by the HR division according to their generic rank in the hierarchy (i.e. mid-level management or supervisors).

Project documents will be stored in secured, lockable and password protected computers at La Trobe University. After the study, data shall be stored in the assigned office of the Principal Investigator. Documents will be destroyed after 5 years of the completion of
study. The participants may request a copy of the results of the study, which will be provided immediately by the researchers.

If you have any further questions regarding this project or its methods, please contact the student investigator or the supervisor as stated below. If you have any complaints or questions that the investigator has not been able to answer to your satisfaction, you may contact the Secretary to the Faculty Human Ethics Committee, La Trobe University, Victoria, 3086. Ph: Tel: + 61 3 9479 3433, email: FLM_ERGS@latrobe.edu.au.

Regards.

Sardana Islam Khan  
PhD Student  
School of Management  
Faculty of Law and Management  
La Trobe University  
Email: si3khan@students.latrobe.edu.au  
Tel: +61 3 9479 5311 (Office)  
Mobile: +61 411304431; 01711615500 (Bangladesh)

Dr. Timothy Bartram  
Associate Professor & Research Supervisor  
School of Management  
Faculty of Law and Management,  
La Trobe University  
E-mail: t.bartram@latrobe.edu.au  
Tel: +61 3 9479 5837; Fax: +61 3 9479 5971

Dr. Peter Dowling  
Professor & Co-supervisor  
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Faculty of Law and Management,  
La Trobe University  
E-mail: P.Dowling@latrobe.edu.au  
Tel: +61 3 9479 2731; Fax: +61 3 9479 5971
APPENDIX-III

CONSENT LETTER

High Performance Work Systems in the Context of the Banking Sector in Bangladesh

Declaration:

I …………………………….. have read and understood the participant information sheet and consent form, and any questions I have asked have been answered to my satisfaction.

I agree to participate in the project, realising that I may physically withdraw from the study at any time and may request that no data arising from my participation are used, up to four weeks following the completion of my participation in the research.

I agree that research data provided by me or with my permission during the project may be included in a thesis, presented at conferences and published in journals on the condition that neither my name nor any other identifying information is used.

Name of Participant (block letters):

Signature: Date

Name of Investigator (block letters):

Signature: Date

Name of Student Supervisor (block letters):

Signature: Date
APPENDIX-IV

Participant Information Sheet (Quantitative phase)

Doctoral Research: High Performance Work Systems in the Context of the Banking Sector in Bangladesh (2\textsuperscript{nd} stage)

Dear Participant,

You are invited to participate in this study titled “High Performance Work Systems in the Context of the Banking Sector in Bangladesh” being conducted by researchers from La Trobe University. The researchers are Sardana Islam Khan, Dr Timothy Bartram and Prof. Peter Dowling.

This study involves a questionnaire that has been developed with the support and assistance of your bank’s Human Resource Management team. The study aims to investigate human resource management practices and the impact on employee well-being, quality of banking service as well as performance outcomes. You and your organisation will benefit from this study in a number of ways:

- The results will provide an understanding of current human resource management practices and assist in the development of better people management practices.
- The process can also be used to improve the relationship and communication between management and employees.
- The questionnaire can be used as an organisational development tool to improve the wellbeing of employees and performance outcomes such as the quality of banking service.

We invite you to have your say about your feelings regarding your role, job satisfaction, relationship with your manager, and commitment to the organisation. Your participation in this study is voluntary. Your name, the name of your unit and the name of the organisation will remain strictly confidential and will \textbf{not} appear in any published reports or journal
We estimate that this survey will take around 20 minutes to complete. Please complete the questionnaire and return it to:

Sardana Islam Khan  
PhD Student  
School of Management  
La Trobe University  
VIC 3086, AUSTRALIA  
Contact number: +88 01711615500 (Bangladesh), + 61 411304431 (Australia)  
E-mail: si3khan@students.latrobe.edu.au OR sardana1975@yahoo.com

Please return the questionnaire by August 20, 2011.

Should you wish to ask any questions about the survey or about the research please feel free to contact Sardana Islam Khan (above number) or Dr Timothy Bartram (t.bartram@latrobe.edu.au or +61 (03) 9479 5837) at La Trobe University.

Any complaint regarding the nature or conduct of this research may be addressed to: The Ethics Liaison Officer, Human Ethics Committee, La Trobe University, Victoria 3086,
Telephone: (03) 9479 1443, email: FLM_ERGS@latrobe.edu.au. Thank you for your support and assistance.

Regards.

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Tel: +61 3 9479 2731
Fax: +61 3 9479 5971
APPENDIX-V

Survey Questionnaire

Please respond to each of these statements using the following scale and circle the most relevant number.

<table>
<thead>
<tr>
<th>SD = Strongly Disagree</th>
<th>D = Disagree</th>
<th>N = Neither Agree nor Disagree</th>
<th>A = Agree</th>
<th>SA = Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
</tr>
</tbody>
</table>

**Your feelings about your job**

**Empowerment**

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The work I do is very important to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My job activities are personally meaningful to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The work I do is meaningful to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am confident about my ability to do my job</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am self-assured about my capabilities to perform my work activities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I have mastered the skills necessary for my job</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I can decide on my own how to go about doing my work</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I have considerable opportunity for independence and freedom in how I</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My impact on what happens in this unit is large</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I have a great deal of control over what happens in this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I have significant influence over what happens in this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**Commitment**

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would be very happy to spend the rest of my career with this</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I enjoy discussing my organisation with people outside it</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I really feel that this organisation’s problems are my own</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I think I could become easily attached to another organisation as I</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I do not feel like “part of the family” at this organisation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I do not feel “emotionally attached” to this organisation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>This organisation has a great deal of personal meaning to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I do not feel a strong sense of belonging to my organisation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
### Trust

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel quite confident that the person to whom I report directly</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The person to whom I report would never try to gain advantage</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I have complete faith in the integrity of the person to whom I report</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The person to whom I report directly can be relied on to look</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I feel a strong sense of loyalty toward the person to whom I report</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I can rely on the person to whom I report directly to make</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I would support the person to whom I report directly in almost</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I cannot rely on the person to whom I report directly to reward</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I would like to have an external HR expert to take periodical</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

### Your experience working at your bank (please respond to statements in relation you’re your area or unit/division)

#### Employment Security

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing employment security to our employees is a priority in this</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>organisation</td>
<td></td>
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<tr>
<td>If an employee were to lose his/her job, this unit would try very</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>hard to find him/her another position elsewhere in the organisation</td>
<td></td>
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</tr>
<tr>
<td>Having employment security is important to me</td>
<td>1</td>
<td>2</td>
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<td>5</td>
</tr>
</tbody>
</table>

#### Recruitment and Selection

<table>
<thead>
<tr>
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<th>SD</th>
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<th>N</th>
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</tr>
</thead>
<tbody>
<tr>
<td>The recruitment and selection processes in this organisation are</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>impartial</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Favouritism is <em>not</em> evident in any of the recruitment decisions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>made in this unit</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Interview panels are used during the recruitment and selection</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>process in this unit</td>
<td></td>
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<tr>
<td>This unit does not need to pay more attention to the way it</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>recruits people</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>All appointments in this unit are based on merit (i.e. the best person</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>for the job is selected regardless of their personal characteristics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The value and beliefs of this unit are discussed in interviews with</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>potential employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Only the best people are hired to work in this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Employees of this unit are involved in the hiring of their peers</td>
<td>1</td>
<td>2</td>
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</tr>
</tbody>
</table>

296
# Performance Management

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>In this unit the performance management policy document is readily available to all staff</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>In this unit staff performance is reviewed in accordance with agreed annual goals and organisation-wide requirements and informal feedback is given</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>In this unit there is a performance management system to ensure that staff are competent and accountable for their work</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>In this unit there is a performance management system to ensure that future growth and development needs are identified</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>In this unit the statements of accountabilities and responsibilities are regularly reviewed to ensure that they are relevant to current organisational needs and goals</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

# Training and Development

<table>
<thead>
<tr>
<th>Statement</th>
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<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing employees with training beyond that mandated by government regulations is a priority in this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>This unit subsidizes assists or reimburses employees for training or courses taken outside of the workplace</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Employees in this unit receive additional compensation for training they get outside the unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My immediate manager encourages me to extend my abilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>This unit has provided me with training opportunities enabling me to extend my range of skills and abilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I get the opportunity to discuss my training and development requirements with my immediate manager</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My work pays for any work-related training and/or development I want to undertake</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>This unit is committed to the training and development of its employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My supervisor has explained mystery customer evaluations to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My supervisor has explained my duties to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Your say about your job

Your relationship with your manager

My immediate Manager……..

<table>
<thead>
<tr>
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<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>is focused on doing the right thing as well as on getting results</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>encourages employees to look at problems and come up with their own solutions and suggestions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>listens to the concerns of employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>expresses their confidence that the unit will achieve its goals</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>encourages employees to express their ideas and opinions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>provides employees with continuous encouragement</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>provides me with motivation</td>
<td>1</td>
<td>2</td>
<td>3</td>
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</tr>
</tbody>
</table>

Information Sharing

<table>
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<tr>
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<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The findings from employee surveys are communicated to members of this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>This unit keeps secrets from the organisation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>This unit keeps secrets from other units</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>This unit keeps secrets from employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Other agencies know more about this unit than our employees themselves do</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Information about how well the unit is performing financially is shared with employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My knowledge about my job is transferred to senior management levels in the organisation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Uniform massage and methods of sharing information is important to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
# Your working environment

## Job Quality

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
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<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fostering involvement in decision-making at all levels of this unit is important</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Many employees in this unit perform simple and repetitive tasks as part of their work</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Providing employees with high quality jobs (i.e., jobs that are challenging, fulfilling, etc.) is a priority in this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Employees of this unit are given lots of opportunity to decide how to do their work</td>
<td>1</td>
<td>2</td>
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<td>5</td>
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</table>

## Status Distinctions

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<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal titles are used within this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Employees at different levels within this unit are encouraged to interact</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Some members of this unit have privileges that are unavailable to other members (e.g. reserved parking and dining facilities)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Reducing visible status distinction between positions is desirable to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

## Teams

<table>
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<tr>
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<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The development of teams is an important element for this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>This unit supports team development and training</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Employee suggestions are implemented in full or in part within this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Decision-making by non-managerial employees is encouraged in this unit</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
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</table>

## Pay:

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<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation provides adequate pay packages to employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Organisation provides equitable pay packages to employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Organisation provides adequate pay package to me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Financial reward is more important than any other forms of motivation</td>
<td>1</td>
<td>2</td>
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<td>5</td>
</tr>
</tbody>
</table>
Personal Characteristics

Your Job in Your Organisation

Please respond by ticking only one box to the question unless directed otherwise

(Please name your department/function____________________________)

1. What occupational group do you belong to?
   □ Management and Administration
   □ Senior Leadership Team (CEO up to department/division/unit/branch managers)
   □ Administration Managers (Finance, Human Resources, Computer Services/IT, Business Managers—Mid level managers)
   □ Administration Professionals (Finance, Human Resources, Computer Services/IT-staff managers)
   □ Administration & Clerical Services (e.g. Teller, Reception, Records, Telephone and Communication, Materials Management, Administration Officers-Junior managers/Officers)

2. Do you consider your job to be:
   □ Permanent    □ Fixed term contract    □ Casual

3. How long have you been working in this organisation? -------years (nearest to the year)

4. What are your standard working hours per week? ------hours

6. How many people in your immediate work group? ------People

7. How many people do you manage directly?
   □ None    □ 1 to 3    □ 4 to 7    □ 8 to 12    □ 13 to 20    □ 21 to 50    □ 51 or more
8. How many people do you manage indirectly?

- None
- 1 to 3
- 4 to 7
- 8 to 12
- 13 to 20
- 21 to 50
- 51 or more

11. What is your gender?

- 1 □ Male
- 2 □ Female

12. What is your age? ------- Years

13. Education: Tick the category that describes the highest level completed or degree received. If currently enrolled at university, tick the level of highest degree received.

- High School Certificate – Completed Year 10
- High School Certificate Completed – Year 12
- Certificate/Diploma/TAFE
- Bachelor’s degree
- Post Graduate Certificate/ Diploma
- Master’s degree
- PhD
- No Qualifications

14a. According to your own opinion what should be your overall rank in last (most recent) performance assessment:

- Poor
- Average
- Good
- Very good
- Excellent

14b. According to the formal assessment by the bank, what was your overall rank in last (most recent) performance assessment:

ACTUAL RATING IF AVAILABLE: ______________________

- Poor
- Average
- Good
- Very good
- Excellent

14c. What do you think is the reason behind the difference between your assessment and organisational assessment of your recent performance (Pls. continue in next page if needed):

Thanks
APPENDIX-VI

Figure I: Higher Order CFA Model with All Variables (to Estimate the Discriminant and Convergent Validity of the Latent Constructs and Multi-group Configural Invariance)
**APPENDIX-VII**

**Table II: Linking the Research Questions to the Summary Findings and Implications**

<table>
<thead>
<tr>
<th>Research question/hypothesis</th>
<th>Major literatures reviewed</th>
<th>Major findings from qualitative research</th>
<th>Major findings from quantitative research</th>
<th>Implications for Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1: In what ways do internal, socio-economic, cultural and political factors shape high performance work systems in the banking industry in Bangladesh?</td>
<td>Guest (1997) Chowdhury &amp; Mahmood (2011) Budhwar &amp; Debrah (2009) Boxall &amp; Macky (2007) Brewster (2006) Debrah &amp; Budhwar (2004) Budhwar &amp; Debrah (2001) Brewster (1995) Boxall (1996) Jackson &amp; Schuler (1995)</td>
<td>Socio-cultural, economic, political and legal context of the country have a direct influence on HR practices in the chosen case study banks. Moreover, a firm’s internal context along with the socio-cultural context influences the perceived HPWS and the way it affects employee attitudes and behavioural outcomes.</td>
<td>The effects of socio-cultural, economic and internal context are reflected in the statistically non-significant link between affective commitment and employee performance. The effects of all the above external and internal factors were also visible in the perceived HPWS composition. For example, the status distinction, job quality, job security scales are not statistically reliable. The above statistics corroborates to the qualitative findings.</td>
<td>Affective commitment appears to be psychologically inseparable to the continuance commitment. Existence of affective commitment among the employees does not necessarily ensure superior performance if informal recruitment and selection practice are in place. By the same token lack of affective commitment does not necessarily result in poor performance if selective hiring is practiced by the organisation. Capable employees are self-motivated and committed to their career and professional reputation. Therefore qualified workers will display higher performance despite a lack of affective commitment.</td>
</tr>
<tr>
<td>Q2. How is HRM understood, interpreted and practiced across the management hierarchy in the banking industry in Bangladesh?</td>
<td>Chowdhury &amp; Mahmood (2011)</td>
<td>The understanding of HRM is fairly similar across managerial hierarchy in both case study banks which has been reflected in their focus on same set of HRM practices and HR policies. However, the interpretation and perception about actual practices varied widely between top managers, middle management and the junior employees. For example all respondents from both banks have emphasized fairness in recruitment, selection, performance management and pay policy as having an impact on their attitude and behavioural outcomes. However, the interpretation of what constitutes a fair recruitment or payment or performance management system varies widely across management hierarchy which was explained in Chapter 6.</td>
<td>Systematic and fair recruitment and selection, performance management, pay policy, training and development opportunity, leadership style of the immediate supervisor and self-managed team were included in the final perceived HPWS scale. The final items of 'perceived HPWS' scale was selected through the reliability test and CFA.</td>
<td>The higher order CFA of perceived HPWS construct validates the inclusion of the final six items which was predicted and explained by the qualitative findings and contextual studies. The reliability test results in the quantitative phase also confirm the final configuration of the perceived HPWS construct. Therefore, the findings imply that the strategic decision makers in the banks need to focus on improving employees perceptions towards the six work practices in order to create positive attitudinal and performance outcomes.</td>
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<tr>
<td>Q3: Do employee perceptions of HPWS impact their affective commitment, trust and psychological empowerment and subsequent ratings of employee performance?</td>
<td>The qualitative findings suggest the importance of trust towards the HR agent and psychological empowerment among the employees to make them more performance -driven. The findings also indicated that fair and well-perceived HR</td>
<td>The findings from the questionnaire survey also establish the link between the perceived HPWS and psychological empowerment, employee trust (immediate supervisor in this case) and affective commitment.</td>
<td>The finding of the qualitative study predicts and explains the statistically non-significant mediation effect of affective commitment as visible from the survey result. However, it is evident that perceived HPWS creates performance through</td>
<td></td>
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</table>
practices including the leadership style of the immediate manager could positively influence the psychological empowerment and trust among the employees. However, there were visible contradictory opinions about affective commitment among the respondents which puts a question mark against the assumptions of the meditational effects of this variable. Also affective commitment did not seem to appear as a separate concept from other types of commitment. The respondents explained it as the willingness to stay in the organisation and failed to see the connection of commitment to performance in both banks based on different rationales which is explained in Chapter 6.

However, the mediation effect of affective commitment is proven statistically non-significant in both case study banks. Psychological empowerment and trust. Psychological empowerment leads to performance both directly and through the mediation of employee trust, especially in the high performing bank. Therefore, the managers should empower their subordinates to help build trust and encourage better performance. Improved employee perception of HPWS will psychologically empower employees and develop employee trust towards their managers and affective commitment for the organisation. The higher performers or people selected through proper recruitment and selection process may be empowered due to their capabilities and growth potential although they may not necessarily feel committed to the organisation due to better opportunities available in the job market. Some of the top managers in Bank A actually contended that it is virtually impossible for the bank to keep these highly capable individuals satisfied and therefore they should recruit less capable employees for the junior management positions. However, their lack of commitment towards
<table>
<thead>
<tr>
<th>Hypothesis 1(a): Perceived HPWS positively predicts psychological empowerment among the employees.</th>
<th>Appelbaum et al. (2000)</th>
<th>The qualitative findings indicated that equitable payment, performance management, training, teamwork and credible immediate supervisor help ensure psychological empowerment among the employees.</th>
<th>The survey results showed a statistically significant positive relationship between perceived HPWS and psychological empowerment.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Guest (1999)</td>
<td>the organisation is not reflected on their personal performance record as they are highly capable and committed to the development of their professional reputation. Therefore, commitment or lack of it does not reflect in the individual performance records in these banks.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Hypothesis 1(b): Psychological empowerment fully mediates the relationship between perceived HPWS and individual performance.</th>
<th>Boxall and Macky, (2009); Boxall et al. (2011); Messersmith, Patel, &amp; Lepak (2011).</th>
<th>It was indicated by a number of participants that HPWS would psychologically empower employees and encourage them to perform better.</th>
<th>Psychological empowerment fully mediates the link between HPWS and individual performance.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Managers should use HPWS to create a sense of empowerment among the employees to motivate them to improve performance.</td>
<td></td>
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<td>Hypothesis 2(a): Perceived HPWS positively predicts trust among the employees.</td>
<td>Appelbaum et al. (2000), Guest 1999; Cook and Wall (1980); Casimir et al., (2006); Mayer, Davis, &amp; Schoorman (1995); McKnight, Cummings, &amp; Chervany (1998)</td>
<td>The interview and focus group findings indicated that trust for the supervisor is important to the respondents and fairness in HR practices and credibility of the immediate supervisor (in other words perceived HPWS) helps build trust among the employees.</td>
<td>The link between perceived HPWS and trust was proven statistically significant and positive.</td>
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<td>Hypothesis 2(b): Psychological empowerment partially mediates the relationship between perceived HPWS and employee trust.</td>
<td>The participants of interview and focus group discussed the importance of both empowerment and trust to improve individual performance. However there was no clear indication that trust mediates the link between empowerment and employee performance.</td>
<td>The survey results show statistically significant mediation effect of trust in linking empowerment to individual performance in Bank A. However, Bank B did not show a significant link between PE and ET. However, the multi-group invariance test did not show statistically significant difference across the two banks in this path. Therefore, this hypothesis has been accepted.</td>
<td>The managers should psychologically empower employees to build up employee trust in order to improve their performance.</td>
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<td>Hypothesis 2 (c): Employee trust partially mediates the relationship between psychological empowerment and individual performance.</td>
<td>It was implied by a number of participants in the interview and focus group schedule that HPWS contents would help improve employee trust and lead to individual performance.</td>
<td>The mediation effect of trust has been proven statistically significant in linking HPWS to individual performance.</td>
<td>Management should use and provide fair recruitment, selection, performance evaluation, pay, appropriate training and development, leadership style and team work to develop employee trust that will help enhance employee performance.</td>
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<td>Hypothesis 2(d): Employee trust fully mediates the relationship between HPWS and individual performance.</td>
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<td>Hypothesis 3(a): Perceived HPWS positively predicts affective commitment among the employees.</td>
<td>Boxall et al. (2011); Porter, Steers, Mowday and Boulian, (1974); Meyer and Allen (1991)</td>
<td>There have been some unexpected perceptions about commitment in both case study banks revealed by the qualitative findings. For example, some of the participants explained that fair recruitment does not necessarily ensure commitment and favouritism may actually ensure commitment among the employees (usually among less capable individuals who have no better opportunities outside their respective banks). However, the respondents use the word commitment to refer to the continuance commitment and not necessarily the affective commitment.</td>
<td>The survey findings showed statistically significant positive relationship between perceived HPWS and affective commitment. However, the survey results showed statistically non-significant mediation effect of affective commitment in linking empowerment to individual performance.</td>
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<td>Hypothesis 3(b): Psychological empowerment partially mediates the relationship between perceived HPWS and affective commitment.</td>
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<tr>
<td>Hypothesis 3(c): Affective commitment partially mediates the relationship between psychological empowerment and individual performance.</td>
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<tr>
<td>Hypothesis 3(d): Affective commitment fully mediates the relationship between HPWS and individual performance.</td>
<td>Boxall et al. (2011)</td>
<td>The findings from interviews indicated that commitment is not necessarily linked to performance and the mediation effect of commitment may not be proven significant in the context of the chosen case study banks.</td>
<td>Affective commitment did not significantly mediate the link between perceived HPWS and individual employee performance.</td>
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</tbody>
</table>
Appendix VIII

Ethics Approval (Qualitative Stage)

Memorandum

To
Sardana Islam Khan, School of Management

From
Professor Zahirul Hoque, Chair, Faculty Human Ethics Committee

CC
Timothy Bartram, School of Management

Subject
F-Final Approval. Ethics Application 12/10PG
High Performance Work Systems in Context of the Banking Sector in Bangladesh

Date
21/05/2010

Dear Sardana,

The Faculty Human Ethics Committee (FHEC) has assessed your application as complying with the National Health and Medical Research Council's National Statement on Ethical Conduct in Research Involving Humans and with University guidelines on Ethics Approval for Research with Human Subjects.

The FHEC Committee has granted approval for the period 01/06/2010 to 01/01/2011.

Please note that the FHEC is a sub-committee of the University's Human Ethics Committee (UHEC). The decision to approve your project will need to be ratified by the UHEC at its next meeting. Consequently, approval for your project may be withdrawn or conditions of approval altered. However, your project may commence prior to ratification. You will be notified if the approval status is altered.

The following special conditions apply to your project: Nil

The following standard conditions apply to your project:

Reporting. If any complaints are received or ethical issues arise during the course of the project, researchers should advise the Secretary of the FHEC by mail or email: FLM_ERGS@latrobe.edu.au

Limit of Approval. Approval is limited strictly to the research proposal as submitted in your application, while taking into account the conditions and approval dates advised by the FHEC.

Variation to Project. As a consequence of the previous condition, any subsequent variations or modifications you may wish to make to your project must be notified formally to the FHEC. Please submit to the FHEC secretary an Application for Approval of Modification to Research Project form (downloaded from the UHEC website http://www.latrobe.edu.au/research-services/ethics/hec-application.htm). If the FHEC considers that the proposed changes are significant, you may be required to submit a new Application Form.

Progress Reports. You are required to submit a Progress Report annually (if your project continues for more than 12 months) and/or at the conclusion of your project. The completed form (downloaded from UHEC website http://www.latrobe.edu.au/research-services/assets/download/FEC_Progress_and_Final_Report_Form.DOC) is to be returned to the Secretary of the FHEC. Failure to submit a Progress Report will mean that approval for this project will lapse. An audit may be conducted by the FHEC at any time.

Your Annual progress report is due by 01/02/2011.

If you have any queries, or require any further clarification, please contact me at the Faculty of Law and Management on 9479 1603, or by email: FLM_ERGS@latrobe.edu.au

Yours sincerely,

Professor Zahirul Hoque
Chair, Faculty Human Ethics Committee
Appendix IX

Ethics Approval (Quantitative Stage)

Memorandum

To: Sardana Islam Khan, School of Management
From: Professor Richard Tay, Chair, Faculty Human Ethics Committee
CC: Dr Timothy Bartram, School of Management

Subject: F-Final Approval. Ethics Application 39/11PG
   “High Performance Work Systems in the Context of the Banking Sector in Bangladesh (2nd stage)”

Date: 05/09/2011

The Faculty Human Ethics Committee (FHEC) has assessed your application as complying with the National Health and Medical Research Council’s National Statement on Ethical Conduct in Research Involving Humans and with University guidelines on Ethics Approval for Research with Human Subjects.

The FHEC Committee has granted approval for the period 05 August 2011 to 30 September 2011.

Please note that the FHEC is a sub-committee of the University’s Human Ethics Committee (UHEC). The decision to approve your project will need to be ratified by the UHEC at its next meeting. Consequently, approval for your project may be withdrawn or conditions of approval altered. However, your project may commence prior to ratification. You will be notified if the approval status is altered.

The following special conditions apply to your project: Nil

The following standard conditions apply to your project:

Complaints: If any complaints are received or ethical issues arise during the course of the project, researchers should advise the Secretary of the FHEC by mail or email: FLM_ERGS@latrobe.edu.au

Limit of Approval: Approval is limited strictly to the research proposal as submitted in your application, while taking into account the conditions and approval dates advised by the FHEC.

Variation to Project: As a consequence of the previous condition, any subsequent variations or modifications you may wish to make to your project must be notified formally to the FHEC. Please submit to the FHEC secretary an Application for Approval of Modification to Research Project form (download from the UHEC website http://www.latrobe.edu.au/research-services/ethics/FHEC-application.htm). If FHEC considers the proposed changes to be significant, you may be required to submit a new Application Form.

Progress Reports: You are required to submit a Progress Report annually (if your project continues for more than 12 months) and a final report at the conclusion of your project. The completed forms (can be downloaded from UHEC website http://www.latrobe.edu.au/research-services/ethics/FHEC-application.htm) is to be returned to the Secretary of the FHEC. Failure to submit a Progress Report will mean that approval for this project will lapse. An audit may be conducted by the FHEC at any time.

Your final report is due by 28/02/2012.

If you have any queries, or require any further clarification, please contact me at the Faculty of Law and Management on 9479 1603, or by e-mail: FLM_ERGS@latrobe.edu.au

Yours sincerely,

Professor Richard Tay
Chair, Faculty Human Ethics Committee

Melbourne (Bundoora)  Bendigo  Albury-Wodonga  Melbourne (City)  Shepparton  Mildura  Beechworth  ABN 64 304 725 153
CHRECS Provider 001156
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